



AGRICULTURE AND ENVIRONMENT COMMITTEE

Members present:

Ms LP Power MP (Acting Chair)
Mr SA Bennett MP
Mrs J Gilbert MP
Mr R Katter MP
Mr EJ Sorensen MP

Staff present:

Mr R Hansen (Research Director)
Dr M Lilith (Principal Research Officer)

PUBLIC HEARING AND DEPARTMENTAL BRIEFING—INQUIRY INTO THE RACING INTEGRITY BILL 2016

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 17 FEBRUARY 2016

Brisbane

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Committee met at 8.59 am

ACTING CHAIR: I declare this meeting of the Agriculture and Environment Committee open. Firstly I want to acknowledge the traditional owners of the land on which this meeting is taking place today. I am Linus Power, the member for Logan and the acting chair of the committee. Other committee members are Stephen Bennett, the member for Burnett and the deputy chair; Julieanne Gilbert, the member for Mackay; and Ted Sorensen, the member for Hervey Bay. Robbie Katter is currently an apology but hopes to join us later. The member for Lytton is an apology for this morning. The committee has granted leave for the member for Currumbin, Jann Stuckey, to participate in the hearing and departmental briefing, so I welcome you, Jann.

Mrs STUCKEY: I want to thank the committee for allowing me to appear.

ACTING CHAIR: The purpose of this meeting today is to conduct hearings and to follow up on the departmental briefing to assist our examination of the Racing Integrity Bill 2015. These hearings are a formal proceeding of the parliament and are subject to the parliament's standing rules and orders. The committee will not require evidence to be given under oath, but I remind witnesses that to intentionally mislead the committee is a very serious offence. At approximately 12.30 pm the hearing will conclude and I will invite officers from the Department of National Parks, Sport and Racing to respond to the issues raised by witnesses. This briefing should conclude by 1 pm. The hearing and the briefing today will be transcribed by our parliamentary reporters and broadcast live on the parliament of Queensland's website. The broadcast of the proceedings is also recorded for Parliamentary Education to use in educational seminars. The committee's report will help the parliament when it considers whether the bill should be passed. I remind everyone that the bill is not law and will not be until it has been passed by parliament. Would the deputy chair like to add any further comment?

Mr BENNETT: Thanks, Mr Acting Chair, and welcome everyone. We do appreciate you taking the time to participate in the parliamentary process, particularly with this issue dealing with racing and the proposed bill before the House. I reiterate the seriousness that we take with this legislation and encourage everyone to participate in the deliberations in the spirit in which they are intended. We encourage you all to be assured that we do take this very seriously, but of course the reforms and changes that will be occurring in racing need to be flushed out for us as a committee to make informed decisions. Thank you.

ACTING CHAIR: Thank you, Deputy Chair.

WILSON, Mr Brenton, President, Queensland Greyhound Breeders, Owners & Trainers Association

ACTING CHAIR: I welcome our first witness, Brenton Wilson from the Queensland Greyhound Breeders, Owners & Trainers Association. I invite you to make a brief opening statement.

Mr Wilson: Good morning and thanks to the committee for the opportunity to speak here today. As is noted, I am President of the Queensland Greyhound Breeders, Owners & Trainers Association. I am also president of the Australian greyhound federation. The greyhound racing industry is supportive of the changes to a new statutory authority being created for Queensland racing. However, we are concerned that the recommendations do not go far enough. We believe there should be zero tolerance to any form of animal cruelty in greyhound racing and if you are found guilty you are banned from the sport for life. The industry believes this should be retrospective and any person found guilty prior to 2016 should not be permitted to be licensed again in Queensland. We also believe a chief vet should be employed to oversee the greyhound industry and its animal welfare responsibilities. Their role would be to educate participants on their responsibilities and upkeep of their greyhounds. From time to time, however, they will need to raise concerns with integrity and play a part in those investigations. The industry also believes that there needs to be a consultative approach with the new statutory authority so that participants understand and are engaged in integrity management of the industry.

With regard to the new codes board, the greyhound industry does not support the proposed changes to the new codes board due to an ongoing continual bias on the greyhound industry which we believe to be fraudulent of political interference. There is also a long list of issues over the past two decades which have prevented the greyhound industry from realising its potential, anticompetitive decision making and a restraint of trade on our product. After the release of RQ's sustainability plan, we also have major concerns with how it was structured. When questions were asked of how they justified certain criteria including reductions of 22 per cent in prize money, this was attributed to an extra 450 races but they could not even say where the 450 races are coming from. Hence, we have no confidence at this point with Racing Queensland. If it is okay, I do have more to say but if you would like to ask some questions I can speak later or I can keep going.

ACTING CHAIR: Deputy Chair, would you have any questions that you would like to ask?

Mr BENNETT: Yes. Welcome, Mr Wilson, and thank you so much. In your submission you also stated concerns about the proposed model of the board and the lack of industry consultation and involvement. Could you elaborate for the committee what your view is of the best practice model and what the Queensland government and the committee should be considering in terms of industry governance?

Mr Wilson: It is hard from a greyhound perspective to give you a best model, because we could put a model forward but the reality is there has been continued suppression of the greyhound industry through not receiving their full turnover. Our greyhound stadium was supposed to be built on the formation of Racing Queensland in 2010. This has never happened. In the eight years since the Gold Coast track closed, tracks have been built in Western Australia and new ones been proposed in South Australia, and remodelling and new tracks in Victoria. In Queensland we have received nothing. All we have had for the last two decades is tracks being closed—not because they were not financially viable but just because there was not enough money to spread across the whole industry. When you are withholding industry funds, it is hard to do that. So for us an industry model would be where we receive our full turnover and we get support and infrastructure so we can actually have a prosperous future. We believe the industry, like it is in other states, could be turning over 20 per cent, 25 per cent or 30 per cent of turnover if given the right infrastructure and the right business model, and that is all we are asking.

ACTING CHAIR: Mr Wilson, I note you did not in your preferred model mention issues about integrity of the industry. Do you see the issues about integrity in terms of the treatment of the dogs within the industry as something that is a threat to the industry?

Mr Wilson: I believe the animal liberationists are a threat to the industry because of the way they communicate things that are basically not true in the media and politicians who are stakeholders in the industry do not turn around and say, 'Hang on, that's not quite right.' We have had 12 months of people being embarrassed being a greyhound trainer, not because they are doing anything wrong but because of a constant barrage of negative publicity when most of it is baseless. With regard to animal welfare, I think there has been two decades of administration letting things fly and not so much focusing on the participants. If you create any scenario where people think they can get away with it or people are not interested in that industry, people will undertake activities, just like they would in any other industry, that would not get community approval.

Mrs GILBERT: Given the fact that you have spoken about that and that there are protections and that the bill puts in place amendments for animal protection, the bill's amendments to the Racing Act and the Animal Care and Protection Act provide greater powers for checking of criminal histories and broaden the powers of authorised officers to investigate and respond to animal welfare matters and breaches of the act relating to their racing industry. Do you think that these amendments will protect your industry from that type of scourge from some of those other groups on your industry so that you are seen to be an industry that is a clean industry when it comes to animal protection?

Mr Wilson: I will answer that in a couple of different parts. Yes, I do; I think it is a huge leap forward. I would also say that I have a document here which was a business plan that the QGBOTA did in 2010. We presented it to both sides of politics prior to the 2012 election asking for integrity to be separated and that we had serious issues with integrity and animal welfare in our sport. No-one listened. From a greyhound perspective, we have been asking for this stuff for years and no-one has been listening. It has taken what has happened over the last 12 months for suddenly everybody to take notice. We have been asking for it, but no-one has been listening and now we are getting hung out to dry and people want to know how we are going to make these changes. Yes, I am very supportive. But if you want zero tolerance, it has to be zero tolerance. If you are found to have made any animal welfare breach from a greyhound perspective, you should be banned from the sport. It is that simple for zero tolerance. If people know that if they do anything wrong they are gone and out,

that has to be the sledgehammer that comes in the legislation. You cannot be everywhere in society. There are still people who have backyards full of drugs. We still have paedophiles in the community. We cannot be everywhere and you cannot police everywhere, but if you have zero tolerance regarding animal welfare I think that is a big step towards the way to go where people realise that if you are caught you are gone and you cannot compete in the industry. That sets a precedent regarding animal welfare that we have zero tolerance. That is best practice. That is what we want as a greyhound industry.

With regard to animal liberationists, I do not think they will be satisfied whatever we do. They have their own agenda. They are vegans. They do not believe animals should be used in any form or activity whatever. They do not even agree that animals should be used to help blind people walk down the street. We can never win. They have their own agenda and we will never satisfy what they want. But it is disturbing to us that they are allowed to continue to put their observations forward unchecked. That is disturbing to the greyhound industry, because the thing that is going to kill off the greyhound industry is the continuation of their rhetoric. They do not put any facts forward. It is just a lot of rhetoric.

Mrs STUCKEY: Brenton, I notice that we talk a lot about competence and we are talking about a bill that has to do with integrity. Jamie Dart worked for Racing Queensland as the chief steward of greyhounds and he is now the Acting Chief Steward. How did the greyhound industry react to that appointment, as far as looking at this bill?

Mr Wilson: I can only go on what has happened in the past. QGBOTA over the last two decades have raised issues with protecting—

ACTING CHAIR: Sorry, but just as a reminder: I know the member added ‘as far as looking at this bill’. But you are talking about an appointment that is not affected by the future bill, member for Currumbin, so is it relevant to discussion of the bill in front of us?

Mrs STUCKEY: Absolutely it is. If you look at the structure of the new bill in that there is going to be a chief integrity commissioner and two deputies, there is every chance that Mr Dart could be considered for one of those and with his background as chief steward in the greyhound industry at the time that this footage was taken, I think it is relevant.

ACTING CHAIR: All right. We will move on. Do you have another question, member for Currumbin?

Mrs STUCKEY: I would like to see—

ACTING CHAIR: I have made a ruling on that. Do you have another question for Mr Wilson?

Mrs STUCKEY: No, I think my—

ACTING CHAIR: Member for Hervey Bay, would you like to ask a question?

Mr SORENSEN: No, not at this point in time.

ACTING CHAIR: Mr Wilson, there is a section in your submission on statistics coming from Roy Morgan Research that paints a healthy picture of enthusiastic and younger profiled supporters. I know it is not mostly your words but they are—

Mr Wilson: It is taken from the actual article itself.

ACTING CHAIR: I think it is the group account director of Roy Morgan Research’s quotes.

Mr Wilson: Yes.

ACTING CHAIR: But it seems to say that there is a complacency that the issues around greyhound racing in terms of its integrity and animal welfare have not affected the business. Is that what you intended to convey or are there deeper concerns?

Mr Wilson: No, that was not what I was intending to convey. That probably is part of it.

ACTING CHAIR: I do note that they are not your words; they are a quote.

Mr Wilson: Yes. Basically what they were explaining is that we have had not one policy—nothing—to help the greyhound industry grow in Queensland for nearly two decades while to a lesser extent in New South Wales but certainly in Victoria, Western Australia and the other states the state governments have been supportive of the industry. They have put in place infrastructure, business plans and policies to help grow their product. New South Wales, Victoria and Western Australia are turning over 20 per cent of turnover. That has not happened in Queensland and the point that we have been trying to make for a long period of time—and it has fallen on deaf ears—is that people keep on ignoring the growth of greyhounds and no-one can explain to me why we are not promoting

greyhounds when there is such growth. What that says is that in another 20 or 30 years those people who are between 18 and 35 will be 50 and 60 and will probably still be betting on greyhounds and that thoroughbreds and harness are the ones in danger. Why would we not promote a sport that can help support the other two codes that cannot sustain their own growth? That was the reason for having it in there.

Mr BENNETT: Mr Wilson, earlier in your presentation you spoke about concerns with the new statutory authority. I think your words were that the government has not gone far enough. For the committee's benefit, could you elaborate on your concerns in that space, please?

Mr Wilson: My concern is that we put a submission into Racing Queensland and we raised a whole lot of issues about how we believe we wanted to structure greyhound racing around best practice models of integrity, but we do not believe any of that was actually reflected on. As we said, we have zero tolerance on animal welfare issues. That is what we want to see. Only in the last couple of weeks, the QGBOTA has reported that the same individual on ground zero apparently was conducting trials on that property again. A person has been warned off and we have reported it. We have been reporting animal issues for 20 years and they have just been pushed aside. Racing Queensland has actually actioned this, but there has to be zero tolerance and we have to go a step further for the industry to realise that for us to move forward there has to be zero tolerance on animal welfare.

ACTING CHAIR: Mr Wilson, one of the suggestions with the model having independent directors who are looking for the longer-term integrity issues of the industry is that they would have a greater incentive to take immediate action on those types of issues being raised. Could you see that model possibly having that benefit?

Mr Wilson: I do. I think the model is fine; I just do not think you go far enough. Recently we raised with Racing Queensland an individual who has been found guilty of animal welfare issues back in 2000 and wanted to be relicensed. We said we do not want that person back in the industry, but they said that they cannot do anything about it.

ACTING CHAIR: The suggestion is that the board, through growing its integrity, could take those types of actions, but you would prefer to see it actually spelt out in statute?

Mr Wilson: Yes, I do.

Mrs STUCKEY: Brenton, should this bill pass, the way that it is structured the integrity commission will actually be formed and then it will be put into the agriculture department, I understand. It will be separated from Racing Queensland. Is that a model that the industry welcomes?

Mr Wilson: Yes. As I said, we put together a business plan back in 2011. We called for it then. We sent it to politicians and we called for that to be separated. It has to be separated. Basically, it has been 20 years. Again, I have not been aware of issues, but becoming president you hear rumours. I do not really get involved in rumours. Unless you witness something yourself, you cannot really say, but you hear things. People come back to you and they want to talk to you because you are president. But this stuff that has gone on has been reported and has not been actioned or it has been under the carpet. It needs to be separate. We need to ensure that those people are well trained and are educated. I think there also needs to be some involvement with the industry, so that we can manage integrity management within our industry.

The one thing we have as an industry that is a problem is that the majority of our participants currently are over 55 years of age and they are set in their ways. They do not like change. It is not that they have been doing the wrong thing, but they are sitting back at the moment going, 'Hang on, why am I getting plastered because I've done nothing wrong for 40 years and now they're telling me I have to change my ways'. In any business, if you are enacting change you have to bring the participants along with you. Over the last 12 months, that is not what Racing Queensland has done. I understand that certain things have had to be done for the safety of racing in Queensland, specifically greyhound racing. But we need to start to bring the participants along and give them an understanding of what their responsibilities are with integrity management. As you would with any person in any industry, you have a responsibility within that industry to report issues.

ACTING CHAIR: Mr Wilson, the time we have allotted to your submission has completed. I thank you very much for coming in and speaking with us. We also have your written submission, thank you very much.

Mr Wilson: Thank you.

NOLAN, Mr Basil, President, Thoroughbred Breeders Queensland Association

ACTING CHAIR: Mr Nolan, would you care to make a brief opening statement and then the committee will ask questions.

Mr Nolan: Thank you. The Thoroughbred Breeders Queensland Association was founded over 40 years ago to promote and advance the interests of the breeding industry in Queensland. The racing industry needs to thrive for the breeding industry to prosper and vice versa. Therefore, breeding and racing work hand in hand. Our 10-person committee is part of a network of kindred associations from each state. The federal body, Thoroughbred Breeders Australia, represents the interests of thoroughbred breeding throughout Australia as a nation.

The TBQA boasts 1,038 members, which is the largest membership base of any breeding association. Over the years, the TBQA has consistently endeavoured to represent the interests of breeding and racing industries and has played a vital role in implementing many changes, from retaining group enlisted races in Queensland to developing management plans for EI and Hendra virus, along with providing assistance to producers or members in need during droughts and floods.

The Queensland racing industry generates a massive income for the state government. It is rated as the third largest industry in the state. Breeding goes way beyond the employment of staff at studs, which can range from five to 45 people. In 2006, an estimated 24,000 people were directly employed in the thoroughbred breeding industry in Queensland. It is believed that that has dropped to approximately 17,000 now. Those figures relate to an industry decline that is outlined more thoroughly below. It will continue to follow this downturn if the result is fewer horses and work at racecourses, which will then have an impact on fields and TAB turnover.

A huge range of other industries rely on thoroughbred breeding as a main source of income: veterinarians, veterinary suppliers, farriers, feed merchants, farmers, machinery and equipment suppliers, transport, both stock and feed horses, stablehands, jockeys, race clubs, TABs—and they are just the main category. The racing industry also makes an enormous contribution to a diverse range of other employers through its social aspect: media and advertising, airlines, hotels, accommodation, taxis, caterers, restaurants and builders. It generates millions of dollars annually through tourism thanks to major events such as the Winter Racing Carnival, Magic Millions and numerous country cups held statewide.

Both directly and indirectly, the racing industry is a serious business and deserves to be treated as such. It goes without saying that the more money the racing industry can make and the more people we can employ, the better the state economy. This philosophy is repeated on the racetrack: the more horses racing and the larger the field, the greater the TAB turnover and the greater the income for the government.

The TBQA does not support the implementation of the Queensland Racing Integrity Bill. We firmly believe that the government reacted haphazardly to the greyhound live baiting scandal to the detriment of thoroughbred and harness racing. I beg to say that if you read the MacSporran report, there is no place in there where thoroughbred and harness racing are mentioned. Live baiting was a national issue and yet in no other state have the other racing codes been penalised. The TBQA believes that the MacSporran recommendations were limited to the greyhound industry and, as such, the thoroughbred and harness industries should not be subjected to change.

The TBQA is strongly opposed to the proposed structure of the all-codes board. Any organisation, let alone one dealing with millions and millions of dollars and peoples' livelihoods, needs a board of experienced leaders. To suggest that only three of the seven members should have racing experience is ludicrous and could potentially lead to the serious mismanagement of this issue. If four board members were adverse to the beliefs of racing, that could be catastrophic for our whole racing industry.

The TBQA believes that the Racing Queensland board needs to be members with strong racing industry experience, combined with strong business and marketing knowledge. The QRIB suggests that the racing industry fund the commission. The state government has been touting a \$28 million blow-out in the industry and is cutting prize money and race meetings to compensate. They say that the industry is struggling financially, yet expect us to pay for this commission. Nowhere else in Australia or in Queensland is the integrity of the industry paid for by the participants. Funding should be reinvested in prize money and not taken for this commission. It would not happen in any other industry and should not happen here.

ACTING CHAIR: Mr Nolan, we know that the MacSporrán inquiry related to issues of integrity and animal care in the greyhound industry. Do you see none of those issues as corresponding to or as a problem now or into the future for the horseracing and harness industries?

Mr Nolan: No, I do not. At the moment we have a welfare officer being appointed for the thoroughbred racing industry. That appointment will take place in the foreseeable future. We have called for applications for that. That is an Australia-wide initiative from the TBA.

ACTING CHAIR: In terms of the public perception of the industry, you see no issues to do with the breeding of animals and their care and training that would ever come up in the future? There are no integrity issues there?

Mr Nolan: They are the most pampered animals in the whole state, I think, racehorses.

ACTING CHAIR: What about issues of doping and substitution? Could any of those integrity issues come up now or into the future?

Mr Nolan: There will always be those things. There will always be people—

ACTING CHAIR: So a strong integrity board is really important to those issues?

Mr Nolan: Yes. A strong integrity board is always important, but we are the most scrutinised sporting industry in Australia, without doubt.

ACTING CHAIR: I note you said that the two industries need to prosper and vice versa, that breeding and racing works hand in hand. If an integrity crisis happened with the racing industry, would that damage the breeding industry? Is it important that integrity issues be put in place to prevent that happening in the future?

Mr Nolan: The integrity issues we have at the moment are very substantial and they are sufficient. With the integrity issues that we have at the moment, we do not need a whole new integrity bill that will cost the industry millions of dollars.

ACTING CHAIR: So in your view we should be complacent on these integrity issues from this legislation?

Mr Nolan: I think 'complacent' is a very broad word to use. I would not use 'complacent'. We are always upgrading integrity in the racing industry—always.

ACTING CHAIR: Thank you, Mr Nolan.

Mr BENNETT: Welcome, Mr Nolan. Page 3 of your submission has reference to the significant decline in breeding, and in particular you mentioned five years. For the committee's benefit, could you talk about that decline in breeding, please?

Mr Nolan: In Queensland in 2015, there were 3,957 mares registered. In 2010, there were 5,466. In Queensland in 2014-15, the number of breeders was 1,046. In 2010, it was 1,534 and in 2006, which is just 10 years ago, there were 2,129. It is a marked decrease.

Mr BENNETT: What are the key factors that you see in that decline, Mr Nolan? Can you explain why we see such a decline?

Mr Nolan: I think to answer it in one, it is prize money, probably. I think that obviously money drives everything. If you are not making a profit out of breeding horses, then you get out of it. Seventy per cent of those brood mares are owned by a single person. We have not got the conglomerates that they have in the south—the Darleys and the Kilmores. This is mainly, without doubt, a family-run business that has been carried on for generations. We are just holding on there. If we keep getting belted around the head, as we have, not over the last couple of years but prior to that, then this industry will be a basket case.

Mr SORENSEN: Mr Nolan, you oppose the structure of the board, citing the lack of industry representation and experience. What model would you like to see adopted and why?

Mr Nolan: In any industry that is run you have to have participants who know the industry and are successful in their own business and they can take this to another level when they come to sit on a board. It is a unique industry. Most industries are unique—I realise this—but this industry goes through the length and breadth of Queensland. We have participants in the Far North and in the far west—all have different views—and then we have the people in the metropolitan area. I think we do need to have people on this board who have some vast knowledge of the industry and have other skills besides.

Mr SORENSEN: Would you see country racing as different to metropolitan racing and that they have different experiences in both?

Mr Nolan: For sure. Definitely. It is totally different, for instance, to go to one of those race clubs that race once a year with their cup meeting. It is the fabric of that town. A lot of people arrive at the country races. It is probably the only outing they have for a six-month period where they can get away from the drought and all the other worries of living on the land and go to the races for the day. They dress up in a nice hat and a frock and away they go. It is totally different from the punter who goes to the races of a Saturday here at Eagle Farm or Doomben.

Mr SORENSEN: It is very good for business for the dress shops in our regional areas.

Mr Nolan: I know. Tell me about it.

ACTING CHAIR: The MacSparran report suggested that it be comprised of four independent racing members. To make it clear, the board's role is to provide strategic leadership of Racing Queensland and to provide oversight of the organisation as a whole and the activities of executives. The day-to-day racing activities would be undertaken by control boards. Is it important that we bring outside ideas into racing to look forward to the longer term issues that perhaps have been dropped?

Mr Nolan: Not that they have complete control, that they have four against three. I think that is wrong.

ACTING CHAIR: You are suggesting that the independent members would somehow align in the way that we have seen the divisions on the racing board happen before? Is that necessarily the case?

Mr Nolan: I do not want to chance it. I think it is wrong that we should put four people who have had very little experience in the racing industry on a board.

ACTING CHAIR: What evidence do you bring that the representatives of the three racing codes would be on one side of the fence and the independent members on the other side of the fence? Would they not take different stances at different times on different issues and bring new ideas?

Mr Nolan: If it goes through I hope so, but I have grave concerns that that will not happen.

Mrs STUCKEY: I have to say, Basil, I cannot see you in a frock or a hat. I will leave that one there. You also referred to the cost of the proposed integrity commission and where those funds are going to come from. Can you discuss some of your concerns about the funding for that?

Mr Nolan: I do not know any other integrity issue that is borne by the participants. The government has issues with the meat industry and all the other industries, obviously with the liquor industry. With all those, integrity is paid for by the government so I cannot see why racing should be the whipping boy to pay for the integrity bill.

ACTING CHAIR: At the moment the integrity of the industry is self-regulated and investigations officers and all the other officers are paid for by the industry; is that correct?

Mr Nolan: Well, it has not been a drain on the industry like this one is going to be. The government pay for the racing integrity bill at the moment.

ACTING CHAIR: You would prefer to see this expanded integrity paid for by general taxation?

Mr Nolan: Yes. I think every other integrity of a department is paid for by the government.

Mrs STUCKEY: A lot of the industry have expressed to me that there is no cost mentioned in this bill for this commission and having the other cuts that have been recommended in the tracking towards sustainability, the fact that this has not been costed just adds further anxiety to the industry; is that correct?

Mr Nolan: I could not agree more.

ACTING CHAIR: Is there anything you would like to add?

Mr Nolan: Thank you for listening to us, that is all. I hope we have enlightened you.

McCAULEY, Mr Robert Ian OAM, Chairman, Queensland Racing Unity Group

ACTING CHAIR: Would you care to make a brief opening statement for the benefit of the committee?

Mr McCauley: I would like to address first of all the MacSporran inquiry and to give you my members' view of that inquiry. The tabling of this bill in parliament is a consequence of unacceptable practices of some sections of greyhound racing as exposed in a February 2015 *Four Corners* report. We accept that. The government saw fit to hold an inquiry into those practices. The Queensland Greyhound Racing Commission was established under Alan MacSporran QC. The terms of reference of that inquiry are stated in item 75 on page 11 of the report. They are quite narrow and limited to the Queensland greyhound racing industry. Items 76 to 78 of the report define the conduct, purpose, activities and output of each stage of the inquiry. None of these steps mentions harness and thoroughbred racing.

The public submissions are listed in that report on pages 169 to 180. There appear to be no submissions from the harness or thoroughbred racing industry. QRUG members believe that there is no evidence of any adverse public comment, let alone outcry, regarding the operation of the harness and thoroughbred industries. The principle of separation of regulatory and commercial functions is acceptable and currently exists, albeit with the regulatory section underresourced to the extent that its ability to effectively carry out its functions is severely limited.

QRUG respectfully submits that the MacSporran inquiry provides no justification for a bill that has such a far-reaching effect on the integrity and operations relating to the harness and thoroughbred codes and, consequently, on its many thousands of participants. There was no communication, or at least open communication that we can define, with harness or thoroughbred racing participants during that inquiry.

I would like now to refer to the explanatory notes, if I may. The notes raise a number of serious procedural concerns. The policy objectives and reason for them twice refer to greyhound racing and its practices. There is no mention of harness or thoroughbred racing. The notes fail to inform whether alternative ways of achieving the policy objectives were explored. For example, proper function of the racing regulator, adequately staffed and resourced, in our opinion should have been investigated. It is noted that the current system successfully investigated the unacceptable greyhound live-baiting incident, determined guilt and imposed penalties, as reported in the *Courier-Mail* on 11 February 2016.

The notes fail to analyse the costs and their impact on the racing industry nor the public. Some simple questions arise: as an example, who pays for the use of police and animal welfare officers in carrying out their roles under this bill? There is no adequate explanation of the departure of this bill from the principles as outlined in the Legislative Standards Act 1992. It therefore fails to allay legitimate fears about breaching fundamental rights of industry participants and the public in relation to restrictions on their rights and activities.

Common sense dictates that any legislative reaction to the greyhound incident should be taken with the full knowledge of the inquiry outcomes in New South Wales and Victoria. The live-baiting practices were identified across three states. It is a national industry. The results of those inquiries and the government response to them have still to be determined.

In QRUG's view there is the danger of severe unintended consequences resulting from this bill so clearly developed through a rushed process. The government has departed from its own guidelines which require a solid, deliberative process of policy development leading to the legislation. These guidelines are outlined in fact sheet 3.7, which you should all be very well aware of, called 'The Legislative Process—The Making of a Law'. The committee has to report in less than, effectively, two months given that one month was over the Christmas period. This bill turns on its head how the third largest industry in the state will operate. QRUG questions what is motivating this unseemly haste.

I would like to refer to a few of the high-level things in the bill itself. I will not go into the detail, as others have. The bill is a confusing mix of integrity structure and its powers and racing operation structure and its powers. The integrity powers are wide and far-reaching. The commission is empowered to make its own laws, to police those laws, to determine guilt under those laws and to impose penalties under those laws. The pathway for review of adverse actions by the commission and upheld by QCAT to the court is unclear. It is confusing that special provisions have been made in the case of seize or forfeit an animal or other thing to go directly to the court. My members are confused about how this operates.

The bill is uncOSTed. It provides for the cost to be funded mainly by the racing industry control bodies. There are no limits or oversight of the costs that can be incurred and passed on by the commission. There is no government structure applying to the commission that oversees its operational efficiency or its effective use of funds. The commission is subject to ministerial interference. QRUG's view is that, if an integrity commission is indeed the appropriate integrity vehicle, it should operate under its own standalone legislation.

The influence of the bill on racing operations will be profound and permanent during its life. There are many submissions, including one from QRUG, that have described the reasons to reject the make-up of the proposed Racing Queensland Board and the appointment of the chairperson and deputy chairperson of that board. It is unnecessary for me to add to what you already have before you on that issue.

The interface between the racing industry in Queensland and Australian Racing Limited, ARL, is unclear. Is it intended that the proposed QIRC or the proposed RQB will hold Queensland's share of ARL assets? The entity representing the state is defined as the principal racing authority of the state. It is 'a body, statutory or otherwise, that has the control and general supervision of racing within a State or Territory (provided any Member thereof is not a direct Government appointee)'. This raises a question as to who is Queensland's PRA and whether the appointment criteria for either the QIRC or the RQB provide representation of a status, experience and knowledge similar to that of the other states, particularly New South Wales and Victoria. Both the regulatory and commercial operations will use the asset to carry out their duties. Who pays?

There are many questions that the bill raises. For example, QRUG has been advised by the honourable minister, Grace Grace, that the bill is intended to eliminate the boards of each of the codes of racing. This further dilutes input from racing participants. It is unclear what mechanism is to be used by each code to bring forward a nomination for the proposed Queensland Racing board. The future role of corporations is unclear. QRUG has been advised of major concerns in regard to the proposed commission's unfettered powers to unilaterally make laws regarding standards and to extend the licensing regime. If powers are used indiscriminately, they could unfairly disadvantage racing industry participants, and this particularly applies to country racing clubs.

QRUG's views are generally in line with those presented by the Queensland All Codes Racing Industry Board, in submission No. 139, and the Brisbane Racing Club, in submission No. 124. These submissions are well resourced, well researched and well presented. QRUG recommends that the committee and the public service briefing officers read these in detail.

I would like to put to you now that all of those reasons I have put forward to you and the many submissions the committee has received are all reasons and justifications for the bill to be recalled—each one of those groups. I would like to offer now an alternative policy objective. I hate being negative, so I would like to come to the positive side of what might come out of this.

QRUG can only see one possible upside in this whole unsavoury episode of the last year that was triggered by a section of greyhound participants and an ill-considered government response, including the tabling of this bill. It is recommended that a root and branch review of the structure of racing be undertaken by all racing participants, after the benefit of understanding the structures in other states and maybe other countries. Then through a managed process we can come to some general industry agreement on what is best for the future of racing in this state. This will take some months but it is an opportunity that QRUG believes presents itself out of the dissatisfaction and dissent that currently exists in our industry. Making this bill law enshrines the appointments of the commissioner and his deputies, as well as the individual that makes up the proposed Racing Queensland board for up to three years, and therefore it denies this wonderful industry of ours this opportunity. The bill should be withdrawn on these grounds alone.

I would like to talk about a possible pathway to the alternative policy objective. One possible process that the Minister for Racing could consider is to lead an open conference where invited knowledgeable people representing racing industries from other states could describe their integrity and government structures and comment on their strengths and weaknesses. The conference could break into workshops, maybe led by the Office of Racing, that could come forward with recommendations for the future structure of integrity and operations appropriate to Queensland. Any ensuring legislation will likely have bipartisan support as well as support from the industry participants—an opportunity that we really would like to be able to grasp.

A process such as this will take some time. In the meantime an interim government structure could be established under the current Racing Act. The government has already demonstrated that it has the power to make such interim arrangements. QRUG members believe that this opportunity for an industry-wide review is fundamental to securing a satisfactory, long-term future for the administration of racing in this state.

In summary, QRUG strongly suggests that the government recalls this bill, appoints a temporary board and begins a deliberative and inclusive process that leads to a Queensland Racing structure that has industry and bipartisan political support. Thank you.

ACTING CHAIR: Thank you, Mr McCauley.

Mrs GILBERT: You spoke a lot there about waiting to see what happens in New South Wales and Victoria. We have already identified in Queensland that there are issues. I was wondering why Queensland can't be the leader in this process and the other states follow us. We do not know how long New South Wales and Victoria are going to take. We might have everybody sitting back waiting for one state to take the lead. This is an opportunity for Queensland to set the bar for the other states to follow.

Mr McCauley: In my view, setting the bar is not that important. In my view, we have to recognise that the greyhound industry is a national industry, just as the thoroughbred industry is a national industry. Dogs move from state to state. Trainers move from state to state. I find it quite incredible actually that we would want to go through and so-called lead the rest of Australia. I am not waving a flag for the greyhound industry, except to say that it ought to be recognised that it is a national industry and there should be an overlapping of legislation that allows the country to manage greyhound racing.

ACTING CHAIR: We heard from the greyhound industry that they had made calls for stronger integrity measures to be put in place years ago, but the suggestion is that we put off and delay further those integrity measures?

Mr McCauley: My answer to that is I suspect we are talking about a couple of months. The greyhound people have been talking about this for years. So my suggestion is that the best bill will come with that knowledge, even though it might cause one or two months delay.

ACTING CHAIR: I noticed that your organisation is recently formed. Is that correct?

Mr McCauley: Yes. Would you like me to tell you about QRUG?

ACTING CHAIR: Certainly.

Mr McCauley: QRUG started off as a result of a very successful whole-of-industry rally that was held on 16 December. Resolutions were passed at that rally. The group that organised it, having been given the authority to proceed with those resolutions, decided to call a meeting at the Gold Coast racing club on 4 January in order to get input from the industry. We carefully chose 50 people to invite from all over the state to be sure we got geographic representation and we got representation from all the sectors of the industry. This was the middle of the school holidays, and we had 32 people who attended and the other 18 contacted us and gave us written support for the agenda of that meeting.

Out of that meeting came a resolution that we should incorporate Queensland Racing Unity Group. That happened on 4 January. The documentation went in—and I believe it goes to the Office of Fair Trading—in the week of 12 January. In the subsequent week we called for membership, so that was, say, 19 or 20 January. Since that time, we have had 160 members, paying \$25 a head to become a member of our group. Of that 160, 75 are Queensland race clubs.

I expect you will want to know how QRUG gets funded. QRUG gets funded by those membership fees, and also we asked for the racing clubs and the industry entities to put in upfront payments of between \$275 and \$2,000. So QRUG will be a registered organisation, I am advised, in two days. It will have 160 or more members and we are adequately funded. One of the main reasons that our members decided to do this was because of the very wide support for protesting against this bill.

ACTING CHAIR: I notice you are called the 'unity' racing, but you are not representative of the greyhounds?

Mr McCauley: The greyhounds are not a member of us.

ACTING CHAIR: So it is not all of the racing industry.

Mr McCauley: I am saying we have got 75 race clubs and we have got another 85 members—

ACTING CHAIR: I did not ask that.

Mr McCauley: Therefore we would have to have 50,000 members if it was—

ACTING CHAIR: I was just clarifying that point.

Mr McCauley: Okay, it is clarified.

ACTING CHAIR: I noticed in your oral testimony today you made the suggestion that the integrity commission and its staff would take vindictive action. What evidence do you have that a future integrity commission—

Mr McCauley: We have a whole history—

ACTING CHAIR: Mr McCauley, can I finish my question please?

Mr McCauley: Yes.

ACTING CHAIR: You said there would be vindictive action by the integrity commission. The integrity commission has not been formed yet. What evidence do you bring to the committee that a future integrity commission would take vindictive action on one of its members?

Mr McCauley: We have decades of history in this industry where vindictive action is taken, and I will tell you one example of that. My members, particularly the race clubs, have said, 'I will become a member provided you do not publicly distribute the membership because we are worried about what the government or Racing Queensland will do in revenge for us being there.' Ever since the Bentley era, when Queensland was introduced to revenge and vindictive actions, one club being played off by another, my members have been very sensitive about the powers that have been given to this industry commission. If any of you people on the committee are familiar with the racing industry, you will find that what I am saying is very truthful.

ACTING CHAIR: It sounds like a strong case for integrity.

Mr SORENSEN: Do you believe that country racing will be adequately represented as part of the proposed new government structure?

Mr McCauley: I do not even believe thoroughbred racing will be represented, and country racing is a significant part of thoroughbred racing. There is one member who represents thoroughbred racing in a committee of seven. There is one member who represents harness racing—that is one-seventh of influence in a committee. If you know the Queensland racing industry and you know the industry in the other states, this is not a picnic in the park, being on a board that is responsible for our industry. It is not a holding hands and we are all happy type thing. This board will run the third largest or fourth largest—depending on how you look at it—and possibly toughest industry in this state. The make-up of that board is a recipe for disaster. I will repeat again—the Queensland thoroughbred industry has one in seven, Queensland country racing has zero. So my answer is: how can country racing clubs be properly represented?

Mr BENNETT: You mentioned concerns with the unfettered powers around standards and licensing. Could you expand for the committee's benefit, considering the remaining time allotted?

Mr McCauley: Unfettered powers with respect to standards. You people may not be aware of it. The Brisbane Racing Club will come under the standards. To apply the same standards to the Brisbane Racing Club as you do for Meekatharra, Mount Isa and Birdsville is absolutely impractical. There is nothing in there that suggests that the commission has the capacity to accommodate—one shoe does not fit all. On the licensing, I can tell you what my own investigation of licensing suggests. I have ponies on my farm and I occasionally use my farm to bring my racehorses home to. You can easily interpret from the bill that one of its roles is to license me. When is a racehorse not a racehorse? Why should I have to license my property simply because I bring one of my racehorses home? That is just two examples. By talking to my members I could get example after example. There is no ability that I can see or my members can see in the commission's unilateral unfettered ability to make these standards or to extend the licensing regime.

ACTING CHAIR: Is there any suggestion that country racing should have lower standards when it comes to substitution, doping and the abuse of animals?

Mr McCauley: I am not suggesting that at all.

ACTING CHAIR: Thank you, Mr McCauley. Our time has expired.

Mr McCauley: Thank you very much.

THOMAS, Mr William Anthony, Private capacity

Mr Thomas: I am a veterinarian with a strong interest in greyhounds. I do not appear on behalf of any organisation.

ACTING CHAIR: Would you like to state anything further about your background and your interest, because we are interested in your submission because you do not represent anybody; you are an individual. We are glad to have you here and happy to have you explain yourself.

Mr Thomas: Yes. I am a qualified veterinarian. Not only have I had experience in clinical practice; I also have five years experience at board level on statutory corporations in the Northern Territory. I have nine years of senior executive experience with Australian and international public corporations. One of the things that I think I can claim as a success is that I had the opportunity to successfully lead a small group that planned for the eradication of brucellosis and tuberculosis north of the tropic in this country. That is a very brief rundown.

ACTING CHAIR: Thank you, Mr Thomas. Would you care to make a brief opening statement?

Mr Thomas: Yes, I would be pleased to do that. These are my personal views. The integrity of the racing industry depends upon ensuring the safety for all participants, including racing animals. Every racing animal must have the protection from cruelty and the benefit of welfare afforded by the Animal Care and Protection Act. Without this measure we have the potential, in my opinion, for more scandal and further harm to the industry. The Animal Care and Protection Act works for other animal industries, including, for example, abattoirs and in my opinion it must be applied to the racing industry.

In the written documents that I have submitted, another key issue is that the proposed Racing Integrity Commission must not be able to set the standards that it is to enforce. In my opinion, such a flaw is to be found in the Racing Act 2002. This flaw, in my opinion, has contributed to the failure to prevent cruelty and ensure the welfare of the racing of other animals, which we have seen. Thank you.

ACTING CHAIR: Mr Thomas, we have heard that the greyhound industry recognises that they have problems with animal cruelty and treatment and care, but we have heard from other industries who seem to suggest that there is less of a problem. Would you say that the integrity is across all the areas of racing, or is it limited to greyhounds?

Mr Thomas: I do not have the personal experience to offer you an opinion in that matter.

ACTING CHAIR: You had an approach to an effective board. The suggestion is that the board would have independent members focused on the integrity of the industry and animal welfare. Would you like to comment more on your approach to developing the effectiveness of the board?

Mr Thomas: Could I initially make a general statement on the challenges that I believe the racing industry is facing quite apart from this scandal? In company with all sorts of industries in Australia, in my opinion the racing industry is facing two major socio-economic forces. One is globalisation and the other is technology. We see it. If you go to Melbourne, you see it on the billboards at Southern Cross Station where advertising for globalised companies for wagering and gambling is everywhere. At the same time we have now the capacity for a person to sit in their lounge room watching their television and bet on a race. So that is the impact of technology.

At the same time, if I talk about the broader industry of racing in this country as a whole, we have an industry where the future of the industry depends upon the owners contributing their time and money to the welfare, upkeep and training of their animals. We also have the belief that the punters can have an enjoyable day or an enjoyable experience wherever that is. At the same time, as governments, we have to ensure that the products that are consumed by the punters are safe. That is also a big challenge. Those are just some general background issues.

Mr BENNETT: Welcome, Anthony. I must declare that you are one of mine from up my way. Thank you for coming. Just about the cost and the funding of the commission, I think you have made some reference about where it could be funded or otherwise. Could you elaborate to the committee your opinions on that, please?

Mr Thomas: I do not believe that I mentioned the costing, per se. I think that, as the previous speaker said—and maybe a member of the committee also has observed—the present arrangement is that the industry is self-funded. I do not believe that sufficient information is available to me in terms of the aggregate industry costs and benefits to be able to answer that question directly. It is a matter, I think, where there is a public interest and if there is a significant public interest then parliamentarians I believe need to consider the degree to which the public purse needs to support that public interest. With issues where they are industry interests, the industry should pay for it. But it is a compromise, because there are two general interests that are not necessarily coincident.

ACTING CHAIR: Is there anything that you would like to add in conclusion? We have read your submissions so we thank you for them.

Mr Thomas: Yes. I just might mention that there is a typo in the second one, unfortunately.

ACTING CHAIR: That I had not noticed.

Mr Thomas: But if I may provide the committee with a corrected copy I should be grateful

ACTING CHAIR: We would appreciate it, Mr Thomas. Thank you for your contribution today.

Mr Thomas: Thank you.

FRAPPELL, Mr Bob, Chairman, Toowoomba Turf Club

ODGERS, Mr Blair, Chief Executive Officer, Toowoomba Turf Club

ACTING CHAIR: I thank you very much for your flexibility in being able to take an earlier timeslot.

Mr Frappell: I am the chairman of the Toowoomba Turf Club and I am also the proprietor of Clear Mountain Fairview horse stud, which has a large investment in the industry.

Mr Odgers: I am the chief executive officer of the Toowoomba Turf Club.

ACTING CHAIR: Would either of you care to make a brief opening statement?

Mr Frappell: I am going to make an opening statement on behalf of the industry and my family business and Mr Odgers is going to talk about the Toowoomba Turf Club's submission. Mind you, we have done that together, but my farm's submission is mine. Clear Mountain Fairview is a 1,000-acre property at Greenmount. We employ 10 staff. We have a large investment in the industry and our whole family is involved in the industry. It is not just me and it is not just my wife; it is my children and my grandchildren. We are very passionate about this industry.

I had a total change of career just before I turned 40 and got involved in the thoroughbred industry because, primarily, we love horses. That is our main thing and we also love racing. My preamble is this. Why am I here? What do I want to say? I represent a lot of breeders and racing industry participants and I am an ordinary stakeholder and member of the turf club that has taken on a responsibility as a committee to put back into an industry that I chose to be in in my late 30s. I have my whole life and my family's future in this industry. We have our complete financial past, present and future involved and an emotional commitment.

We are dumbfounded. Why is the government doing this to us? Is there anyone in the elected government who knows anything about the thoroughbred industry? I think from the actions displayed, the answer is no. Why do you want to destroy what we have worked so hard and passionately to achieve? What will the government get out of this? Nothing except being able to say, 'We did this because we could.'

So far, what has the government achieved? One, you have removed all the experienced administrators. Two, you have announced within eight hours that racing is broke. Three, you installed a liquidator with a massive conflict of interest who takes advice from an operations manager with no thoroughbred experience who came from the poker machine industry. Both are overseen by a Supreme Court judge who admits that he knows nothing about racing. They have cut prize money and they want to introduce more austerity measures with no regard to the people they hurt when they are not necessary. They refuse to disclose all financial—

ACTING CHAIR: Mr Frappell, I am sorry to interrupt but we on this committee have to examine a particular bill. That is what we are set to do—

Mr Frappell: Yes.

ACTING CHAIR: Not the actions that are not corresponding or connected with the bill. You are welcome to do this, but our job is to look at the bill and test what is going forward in the bill as it has been presented. I just wanted to let you know that.

Mr Frappell: Okay. What I am trying to do is draw the parallel with the inexperienced board that you are proposing to put in with what the inexperienced board that is there now has done.

Mrs STUCKEY: With respect, Mr Acting Chair, the gentleman was giving his preamble and I really think it is unfair to interrupt him in the middle of that when he has sought to appear before us. I would ask that the gentleman be allowed to address us in the manner that he has prepared.

ACTING CHAIR: I am happy. I just wanted to give some background to what we have to do as a committee.

Mr Frappell: This is not fair or just. What you are doing to all of our participants is sapping the confidence we had. We do not want this governance model. It cannot work and will be resented by 90 per cent of the participants. We want to be properly consulted on our governance model and we want an input into who runs it. We agree that the government has the power to do what they are doing, probably. But it would be done fairer with more compassion and it could achieve far more than what you will ever achieve with this process. The difference is that we want an outcome that is best for racing. It seems that the government wants an outcome that teaches the racing industry whose boss. That is my preamble.

ACTING CHAIR: Thanks, Mr Frappell. I did not want to interrupt you, but I did want to note what we have to do as a committee and what we are limited to report on.

Mr Odgers: I will speak on behalf of the Toowoomba Turf Club and its 484 members, 24 full-time staff and over 150 race-day staff, and the largest Queensland thoroughbred training centre, with 94 registered thoroughbred trainers and directly 120 employees of those trainers. Our club is one that has a proud history of 125 years in operation on the Darling Downs. Experience comes thick and fast at the Toowoomba Turf Club. Sitting next to me, as you have just heard, is Chairman Bob Frappell, who holds over 30 years experience in this industry. I myself hold 10 years experience in racing administration. For four of those years I have sat at the Queensland principle racing authority, Racing Queensland, holding an executive position.

Our judgements which we have stated in our submission are based on the management structure proposed in this bill. Over the past six months we at the race club have felt the firsthand effects of a leaderless principal racing authority, the one currently trading as Racing Queensland—a lack of meaningful consultation and strategic development, continued mismanagement of the basic day-to-day operations, and arrogant and irrational decision-making from managers who have only very limited industry involvement. Racing Queensland's management in the last six months has been allowed to run a course with no apparent board oversight. We have clear illustrations of the damage that can be done without an experienced board of management. If I may, I do have a handful of examples that I would like to table that occurred in the last six months as illustrations of poor management, primarily lacking the foresight of a strategic board oversight.

I turn to day-to-day operations. We have had problems in terms of race programming. We saw a horrible clash of race programming on 19 December, one that was clearly identified months prior and taken to Racing Queensland, where we had race meetings at the Gold Coast, Doomben, Ipswich, Toowoomba, Esk, Chinchilla and Gladstone on one day. The Brisbane Racing Club held 10 races on that day—too many races, too short, and the dramatic implications were felt by Toowoomba and the country racing clubs with lack of attendances.

I turn to the Queensland Winter Racing Carnival, our pinnacle racing product. Despite positive growth from a recent change only trialled once in its first year in 2015, the decision was made by the current management to throw that structure out and revert to the previous structure. Consultation that they had with the clubs was farcical and it was obvious that the management had made their decision. Without an appropriate board of experienced leaders for clubs to consult, the decision was made.

I turn to synthetic track racing, something that the Toowoomba Turf Club has a strong connection with. We have been much surprised to hear the management at Racing Queensland state that they have a desire to return an all-weather surface to racing in South-East Queensland, despite the Toowoomba Turf Club having held one of those for five years without any success. They have returned to trialling or transferring race meetings, and they did this just in the last fortnight. I wish to state some facts regarding scratchings. This is an indicator of trainers' willingness to race on this surface.

A race meeting was originally to be held on 5 February. A Friday race meeting was programmed for a grass surface with 100 accepters. It was transferred to the cushion—45 scratchings at a rate of 45 per cent. The Sunday meeting due to weather was also transferred. There were 83 accepters originally. There were 41 scratchings, nearly 50 per cent take out. The grass meeting was held on this Sunday just gone, and just for reference there were 86 accepters and five scratchings at a rate of six per cent. That is a clear indication that the industry does not want synthetic track racing and one that this board refuses to acknowledge. Of course the ramifications that come with wagering on a product like that are only further damaging cost to this industry.

There is a strategy to help and support clubs with big screens and marquees being available to hire. They are an asset of Racing Queensland provided by the Queensland government, but they have been mismanaged to a point of a smashing loss. We would like to book them on 16 April and we are now being told that we are unable to book them. Lack of consultation has led to many headaches for clubs.

Another example is the special risks insurance. All clubs are involved in a collective insurance policy. Racing Queensland—and it is obviously well documented recently—reversed an incorrect decision regarding the excess charges to many clubs throughout Queensland. This led many clubs to have unnecessary stresses placed on boards and management and legal costs for clubs due to an inexperienced decision, not understanding a policy that has been in place for 10 years plus.

There is also an obvious refusal from the current management at Racing Queensland to understand or acknowledge the wealth of industry assets and people within this industry. We are led by an acting chief executive and being ill-advised by an executive management team. Despite several attempts from industry participants to provide advice, this is falling on deaf ears.

One further example, and final example I will give before questioning, is our media rights agreement, which is with Sky Racing. It is a very important and integral document to all race clubs. It is worth about half a million dollars to the little Toowoomba Turf Club. We found that last year, 2014-15, we were underpaid in this agreement \$231,000, nearly half of it. This was raised with the Racing Queensland management on 1 July. Our agreement is direct with Racing Queensland, not with Sky Racing. Racing Queensland hold the overarching agreement with Sky Racing. So our course of action is through Racing Queensland and we took that action on 1 July. Following months of pursuit, we finally met with Racing Queensland on 6 November—129 days later—to try to reconcile this underpayment. This delay had a crippling effect on our cash flow to the point where we had to find third party funding just to be able to pay wages. In late November \$176,000 was transferred to the Toowoomba Turf Club as part of that reconciliation.

At that meeting on 6 November we sought clarification from Racing Queensland's management about the ongoing structure of the media rights to ensure that we are budgeting and forecasting and operating on correct figures. After several attempts, just recently on 22 January—78 days later—we received email correspondence from Racing Queensland quoting, 'I am not able to give any further information. I would advise you budget forecast on the guaranteed amount only at this point given the issue has not been resolved.' We are totalling nearly 200 days in this administration with the central agreement being not understood. These and many other examples are what occurs and how it feels at the coalface of a club when a management structure of the principal racing authority is lacking experience.

ACTING CHAIR: Did you have a document that you wish to table for the benefit of the committee, Mr Odgers?

Mr Odgers: No. I can certainly provide that evidence.

ACTING CHAIR: That is fine.

Mr SORENSEN: You have outlined some of the costs. What has been the cost to the industry in your area of not having experienced racing people running the industry, as you have included in your submission?

Mr Odgers: We have felt the immediate impact in our training centre with the uncertainty around prize money. There has been some movement in the number of horses that are training at Clifford Park, obviously reducing our training track income.

Mr SORENSEN: Bob, what is the industry that you are in, especially the breeding industry, worth to the Toowoomba area?

Mr Frappell: The Toowoomba area is the largest breeding area in Queensland. It is a massive part of the industry. There are about 1,600 people employed directly in the racing industry. The reason the racing industry is so big in Toowoomba is that it is a massive breeding area. It would almost be innumerable what the investments are. Just in my little area we probably have \$15 million invested. If you multiply that by the number of horse studs, it would give you some idea. Basil Nolan touched on the downturn in the industry and it is all prize money based. That is the big issue we have.

ACTING CHAIR: I am reading through some advice from the department. We are focusing not on the current structure of Racing Queensland and its independence and perceived inexperience but on the future. In the future the board's role is to provide the strategic leadership of Racing Queensland to provide an oversight of the organisation as a whole and the activities of the executive. The board's role, the department specifies, is not to provide the day-to-day leadership of Racing Queensland or to develop and deliver specific initiatives for the improvement in racing. Instead, they are done by separate committees that would be appointed with those people who have that experience. Given that we are reflecting on the new act, not current procedure, does that allay any of your concerns or do you maintain those concerns?

Mr Frappell: It certainly does not allay mine, because you have one thoroughbred board member to oversee the staff at Racing Queensland. It is not a practice of a CEO to run a board. The board oversees the CEO. That is our big fear. Entrenched in the bill is that four people cannot have experience—they cannot have anything to do with thoroughbreds for two years. I do not get that. I do not understand why you would want that. I am talking about the thoroughbred industry now, not the others. What we want and what we expect is to have a board made up of experienced people within the thoroughbred industry to oversee the management of Racing Queensland.

Mr Odgers: It is also the consultation. During any decision process, it is the clubs and the industry's right to be able to consult with the board who is ultimately leading the Queensland racing industry. With only one person with a likely full breadth of understanding of the thoroughbred racing industry on the board, there is a concern that they may not be able to change the course of inexperience or poor decision-making.

ACTING CHAIR: That is not necessarily true. They cannot have had direct involvement in the last two years. That does not mean that they do not have an understanding of the thoroughbred racing industry, does it?

Mr Odgers: No.

Mr Frappell: I think it does. I think the industry changes. It is so dynamic. It changes so quickly. If I were out of this industry for two years, I would not understand what happened yesterday. It changes all the time. Our business models change, the horses change, the way racing is governed changes. As you can see, you would not want to be out of it for two years and come back to this.

ACTING CHAIR: When it comes to the integrity of the thoroughbred racing industry, are there any concerns that you have that, just as greyhounds have come under real threat as an industry, those things could face the thoroughbred racing industry in the future if integrity is not properly managed?

Mr Frappell: I think integrity is wonderfully managed in the thoroughbred industry. We are talking about thoroughbreds now—horses. We are overgoverned. I do not think it is unnecessary, but there are a lot of people involved. There is money involved—betting. People get up to no good, but we have a massive amount of governance on what people do. If anything goes wrong with a horse, a vet is called immediately. These animals are not overbred. In the life span of a brood mare, 16 years, she might have I think the average is 10 foals. The horses are expensive. They are cared for. There is the equipment that you have to have for them and the facilities. Horses are wonderfully looked after. The latest thing which you are probably referring to is the cobalt matter. That has been hit on the head so hard that that will stop. There is always another drug that comes along but, with the integrity measures that we have throughout Australia, I do not know how you are going to improve on them with this bill.

Mr KATTER: Something that is lost in this conversation—and you went on a bit about it before—is the value of the industry outside of racing itself, the race days and the tote, for example. Has there been any study done in the Toowoomba region as to what your contribution is in total? Are you confident that that is factored into the consideration of the governance of this industry? I think a pivotal part of the governance is that people understand that there is a lot more to this industry than just the gate takings or the tote or whatever else.

Mr Odgers: Certainly. I do not have any figures in front of me, but I am able to provide some insight into the economic input to Toowoomba. The importance of a strong and viable Toowoomba Turf Club to the Darling Downs region is integral and it is for many other factors, not just for the racing and training of horses and direct employment. Our major events and our function activities are integral to the social fabric of the region. Our principal racing authority making poor decisions puts stress on the Toowoomba Turf Club which requires us to find any shortfalls out of the local community. That puts stresses on an already tight social fabric.

Mrs STUCKEY: I am keen to see in your opinion, because I understand that between you you have many, many years of racing experience, how the government's consultation has been with regard to this bill?

Mr Frappell: Are you talking about the consultation process for the Tracking Towards Sustainability report or for this bill?

Mrs STUCKEY: I am talking about the general consultation of the government with regard to racing. Obviously that document preceded this bill and before that it was the MacSporran report which, we have already identified, does not mention thoroughbred or harness racing. In your opinion, do you feel you have been engaged by the government properly in this process which has ended up in the introduction of this bill?

Mr Frappell: We have not been engaged right up until now. The fact that we are here is because we do not feel we have been heard prior to this. We had a racing minister put in when the government was first elected who refused to speak to us. I know that only one or two people from the racing industry got to speak to him. He did not turn up to any race meetings. I do not get that. Why would he want to be a racing minister if that is the case? We want to be spoken to. We have a lot of good ideas. We are not hostile towards everything. We are hostile when we think you are hurting us.

Mr Odgers: The Toowoomba Turf Club has received no opportunity for consultation from the current state government and had limited opportunity for meaningful conversation with Racing Queensland in the last six months.

ACTING CHAIR: I thank Mr Odgers and Mr Frappell for their contribution.

Proceedings suspended from 10.33 am to 10.54 am

NEAL, Mr Chay, President, Animal Liberation Queensland

ACTING CHAIR: Would you like to make a brief opening statement for the benefit of the committee.

Mr Neal: Thank you, Mr Chair, and my apologies for not arriving earlier. As outlined in our submission to the committee, we welcome some of the provisions in this bill such as increased information sharing and powers for authorities, the intent to separate the industry integrity functions from the commercial functions, as well as tighter regulations of some aspects of the industry; however, we have strong concerns that while the commission is receiving funding from the control bodies they cannot be truly independent. There are also many loopholes in this bill for the industry but, most importantly, this bill fails in one of its core purposes, which is protect the welfare of animals.

As the committee would be aware, it was the undercover footage from Animal Liberation Queensland and Animals Australia which caught the horrific images of live baiting that led to the Commission of Inquiry which has in turn led to this bill. As the former minister, the Hon. Bill Byrne, stated when introducing this bill, one of its primary purposes was to safeguard the welfare of animals. However, the greyhound racing industry is an industry that kills an estimated 17,000 dogs per year, is responsible for mass graves and has practised widespread illegal and cruel live baiting for decades. Two hundred injuries occur on tracks every week, an average of five dogs die from race injuries every week in Australia and dogs are often housed in unacceptable conditions.

Our concern is that this bill will not change these practices and will not safeguard the welfare of animals. It is more of a bandaid than a solution. Indeed, it would be naïve to think that this bill will put an end the cruel practices in this industry. Mr Newson, the Greyhound Racing New South Wales boss, conceded late last year that live baiting or the killing of dogs can never be fully stopped. These are entrenched practices, particularly with live baiting. For example, even three months after live baiting was put in the spotlight, the joint Queensland police and RSPCA task force charged two further men with live baiting, this time including the use of kittens, which occurred up until May 2015 despite a high level of known scrutiny on the industry. The detective sergeant in charge of the task force said it was apparent that live baiting was entrenched in the industry. Countless trainers have since admitted that the practice is widespread and has been for decades. Even as recently as last week I believe that Tom Noble, who is facing serious charges now, was quoted in the media as saying, 'Looking back 10 years ago, there probably was not one track in Queensland that wasn't live baiting.'

I want to conclude by reminding everyone of the images that we saw on our TV screens exactly one year ago yesterday of possums and piglets screaming in terror as trainers watched on and laughed—images and sounds that I will never forget—and of the countless horrific revelations that have come out in inquiries and investigations in Queensland as well as across Australia since. Is this really an industry that deserves a second chance? We certainly argue that the changes proposed in the bill are not going to change the decades of entrenched culture of animal cruelty and that this industry should be shut down. I am speaking about the greyhound racing industry in particular.

ACTING CHAIR: Mr Neal, there are no concrete suggestions for changes that you make to further increase the integrity in racing; you are suggesting that it just be shut down?

Mr Neal: Yes, our position is that it should be shut down. Certainly if it was going to continue we have outlined some things in our submission that we think would need could be changed, such as better independence of the Racing Integrity Commission. As I understand it, it is currently proposed that the control bodies in the racing industry would give funding to the commission. So while there is that financial tie, we do not see that it is going to be completely independent.

ACTING CHAIR: Mr Neal, do your and other similar organisations intend to continue to use cameras and other tactics in order to bring this issue out further?

Mr Neal: I certainly hope there is not a need for that, but I do not believe that we can ever be sure that live baiting is completely wiped out.

ACTING CHAIR: Do you think non-government organisations like yours add to the integrity of the industry?

Mr Neal: I think if it were not for the undercover work of Animals Australia and Animal Liberation Queensland we would not be here today. I think it is very important that when the authorities are unable to expose these things in the public interest they can be brought to light.

Mrs GILBERT: There are amendments being made to the Racing Act and the Animal Care and Protection Act to provide greater powers for checking of criminal histories and to broaden the powers of the authorised officers to investigate and respond to animal welfare matters and breaches that are

related to the racing industry. These strengthen those authorities. Do you believe that these amendments will not be strong enough to stamp out the cruelty in greyhound racing? Is that what you are saying?

Mr Neal: That is right. We certainly welcome the increased powers and information sharing, but we do not believe that people in the industry who witness such a practice are likely to do in their mates. Without this, it can be very hard to know what occurs on private properties and tracks around the state.

Mrs GILBERT: The bill actually does separate those two. There is a separate inquiry where the investigation side happens. So they are separate. Do you believe that that will increase the ability to stamp out the cruelty?

Mr Neal: It may increase it but not enough, in our opinion, unless there is significant funding made available for unannounced inspections and for the authorities to use tactics such as hidden cameras where necessary. If it is only a complaints based mechanism we think it will not work.

ACTING CHAIR: Mr Neal, your submission has quite strong and dramatic figures, but the nature of the industry, you allege, is also not transparent. How do you have those figures and how can you rely on them with such strength to put them before us?

Mr Neal: Could I ask which figures? The breeding figures or the number of dogs?

ACTING CHAIR: Yes, for example.

Mr Neal: For example, we have estimated 18,000 or 17,000 dogs around Australia are killed every year. This is based on the available figures from the industry of litters registered. Every dog does not actually get registered. Every dog that goes to racing gets registered; not every pup born gets recorded. So estimating the average litter sizes is how we got to those figures. That has certainly been verified by Greyhounds Australasia, which estimated a slightly lower figure of 13,000 to 17,000.

ACTING CHAIR: But both are estimates?

Mr Neal: Yes.

Mrs STUCKEY: I think we all agree that the bill aims to address these core practices that have been exposed that have been going on for a long time in greyhounds. In fact, an earlier representation today from the industry themselves said that they would like to see the bill go a bit further as well and that they were willing to work with that. Given that one of the premises that you are using is that you object to an industry using an animal for profit, is that going to be the stance that you extend to all forms of racing—to harness and thoroughbreds as well?

Mr Neal: At the moment we have only really been concerned about greyhound racing because of what has been exposed. Certainly we see that there can be similar issues in other racing industries.

ACTING CHAIR: I thank Mr Neal for appealing. We may be slightly out of time; we are five minutes late. I call Mr David Whippey of the Brisbane Racing Club.

WHIMPEY, Mr David, Chief Executive Officer, Brisbane Racing Club Ltd

ACTING CHAIR: For the benefit of Hansard, could you give your full name and the organisation you represent?

Mr Whimpey: My name is Dave Whimpey. I am the chief executive officer of the Brisbane Racing Club. I am here representing Mr Neville Bell, who is overseas. He could not make it today and passes on his apologies.

ACTING CHAIR: Would you like to give a brief opening statement for the benefit of the committee to put your views on the Racing Integrity Bill 2015.

Mr Whimpey: The BRC, through amalgamation of two great clubs, being the QTC and the BTC—Eagle Farm and Doomben—has been in the business of thoroughbred horse racing for over 150 years, having first raced on 14 August 1865. At the risk of sounding parochial or biased, I am here also representing the history, traditions and principles of our great code, stretching across these 150-plus years. The pretext I am about to talk about is a quantum of change. To understand how thoroughbreds fit into all codes, the quantum of the changes being proposed and the quantum of the thoroughbred industry need to be articulated. Last year thoroughbreds contributed 75 per cent of all moneys earned from all three codes. I am reminded that Eagle Farm was also out during that time.

Eagle Farm has a great brand. In fact, we had negative growth when Eagle Farm was out of some six per cent, or nearly \$150 million. Eagle Farm as a brand is compelling. In a normal year that contributes around 80 per cent when Eagle Farm is in. Some 75 per cent was last year, but it is 80 per cent when Eagle Farm is back in. Of the 80 per cent that thoroughbreds generate, the BRC, the Brisbane Racing Club consisting of two racetracks, generates nearly 45 per cent. So we only have two racetracks out of some 120 in Queensland—less than two per cent—and we generate nearly half of all income. The Brisbane Racing Club, therefore, presents itself as a major stakeholder in any change and therefore should have a voice.

We are not resistant to change. On the contrary, at the moment the BRC is going through, as are all major metropolitan race clubs in the country, significant master plan redevelopments. We are unlocking land not essential for racing with the help of government and we are commercialising that land and reinvesting back into our shareholders, which are in fact our members. That in effect creates a club that has a self-fulfilling, less reliance on funding prophecy into the future. I myself am a non-racing CEO, the first of any CEO to take on a position with this office in any major metropolitan race club in Australia. That gives an indication of the BRC's fortitude and aptitude to make change.

We accept many of MacSporran's recommendations. The greyhound commission of inquiry resulted in significant change in the control of the thoroughbred industry against which we are compelled to argue, however—or at least raise here today—these important matters that may affect us.

Firstly, there is the issue of all three codes coming together. The greyhound commission of inquiry set out the form of one board controlling all three codes commercially. In theory, this sounds obvious. I myself would have come to the same conclusion. However, the thoroughbred industry faces commercial challenges far beyond MacSporran's scope. Given it represents 80 per cent of the industry, it needs focus and drive with future and rigour and nimbleness. To be otherwise distracted by other occurrences in other codes, as we are seeing right now, is an issue for us going forward.

The present situation of Racing Queensland in what I refer to personally as a temporary method of operation—some may refer to as caretaker mode, although they are doing the best they can—is a great example of why the code should be clinically detached at the control level. In other words, the all-codes board structure allowed for thoroughbreds to be caught up in this issue. MacSporran, if I may refer to him as that with all due respect, himself makes the following observation with regard to the control board. At page 19, point No. 135 of the commission of inquiry into greyhounds he states—

The Commission considers the governance arrangements set out in the *Racing Act* confusing and while it is clear that RQ has ultimate responsibility for controlling the three codes of racing, continuing to have the—

individual—

code boards might, over time, lead to diluted responsibility, where decision-making can be passed on and no-one held ultimately responsible.

I guess I would really like to test this legislation here and the changes if this were to reoccur. Let's assume there is another major—and we hope there is not—animal welfare issue that arises from another code under this legislation being greyhound or trots. Control effectively commits to QRIC and the minister effectively calls in control while the issue is being addressed. It will take focus and

control away from Racing Queensland. We have seen that in the current temporary method of operation. So we ask the committee that is reviewing this legislation: can you guarantee that effective commercial governance and the all-codes model would continue and the thoroughbred code will not be stalled through this legislation? With due respect, we think not. The machinery of government and public confidence will be superordinate in this equation.

Secondly, we ask on this point: why did MacSporran not consider disbanding the all-codes model and leave the code boards in play? There is absolutely no discussion in any of his rhetoric around that. The obvious answer is that it was outside of his scope, yet we have formed this very clear conclusion. The logical answer is that was because it was outside the terms of his reference. There was no discussion, just a simple conclusion based on his quote above that the all-codes model was ambiguous and ineffective. They are my words, not his. We ask the committee to address this issue in their deliberations. We ask that they consider that, like every other state with the exception of Tasmania, the codes are actually controlled separately. With reference to the greyhounds, trots and thoroughbreds, I would like to give you one analogy as a former non-racing person, though being in this industry now for two years. Forcing the codes together at the control body is like saying the NRL, AFL and soccer should come together. They all kick a ball, right? A professor I met with yesterday at lunch came to that same conclusion, but they have a very different history, a very different strategic future and a very different way of doing business. Make no mistake, the trots, the greyhounds and the thoroughbreds have very, very different decision-making ability and a very different strategic future. If we are 80 per cent of the business, we would in a selfish way like that to be focused on thoroughbreds. For the record, we have no issue with the shared service model on things like administration, HR and the like. All of those things make perfect sense to us.

Secondly, there is the issue of separating integrity from control. In relation to forming QRIC and housing this function separately from Racing Queensland at additional cost, we make the following observations. The best way I can describe this conundrum is by quoting MacSporran himself from his report, which I must say is an amazing exchange or interlude between the current regulation and what could be done. He oscillates between those two points on many occasions in the document, and I make reference to those now. At page 18, No. 128, MacSporran states—

It does not appear to the Commission that the regulatory framework was a barrier to RQ's ability to mitigate animal welfare offences and integrity issues; rather it was their failure to scan the environment for risks, and respond with appropriate strategies.

At page 21, point No. 153, he states—

The Commission considers that the existing—
regulatory—

framework is adequate but there has been a failure by the OoR to identify that RQ's activities in relation to monitoring, investigating, and reporting about compliance and integrity issues were lacking with the inevitable consequence that breaches were likely to go undetected.

Point 174 states—

The Commission considers the framework of self-regulation itself is not a barrier to mitigating animal welfare breaches and integrity issues.

On page 26, point 190 states—

From this perspective it is fair to say that the machinery of legislation, policies, and rules of greyhound racing, subject to comments made above, adequately guard integrity and animal welfare, however it is the execution of a system of monitoring and enforcing that has completely failed.

We agree with that. Considered in this light, at page 16, point No. 106, MacSporran states—

Considered in this light, arguably the current regulatory framework is well placed to detect, assess, mitigate and prosecute all breaches of the *Racing Act* and other relevant legislation.

He goes on further at page 16, No. 107—

The prevalence of noncompliance is explained by ineffective role clarification and poor execution of strategy and prioritisation of resources.

I find this quote most intriguing. Point No. 19 on page 3 states—

This culture must change if public confidence is to be restored.

Those are seven great quotes by MacSporran himself. We must, therefore, ask the question: why change this legislation? Queensland should be very proud of its legislation. After all, it has taken us over 150 years to land here. Our forefathers arrived at this for very good reason. We must, therefore, caution any change, though we are not resistant to change.

In large part our regulatory framework in gambling and wagering has been copied internationally. Right now I have been personally involved in that in Macau, where the Queensland regulatory framework on wagering and gambling has, in large part, been held up in high esteem around the world and in fact large parts of that have been copied. There was a clear failure by MacSporran and, in our view, of people and culture, not of systems and regulation frameworks that are at our disposal right now. There is one most profound quote that, in my view, caused the final conclusion by MacSporran, however, as to why MacSporran recommends a clinical separation of integrity from control, and I compel you to listen to these two quotes very carefully. They are profound. On page 16, at item 108 he states—

Historically, jurisdictions have switched between separate and combined operational and regulatory governance. While empirical data suggests that separation of governance builds public confidence by breaking down perceptions ...

The argument on one side is that the regulatory framework is okay weighted against the sentiment of public confidence. In the executive summary on page 2 at item 14 he goes on to state—

Public confidence may have been dealt an almost terminal blow by the exposure of what is likely to have been a widespread practice of live baiting in the greyhound racing industry.

The only conclusion that MacSporran could have arrived at was separation given those points. He had a lemon seed and he grew a lemon tree. We want to bear other fruits, to use that analogy. The scope was too defined. On page 4, item 28, he states—

The success of the proposed model will depend very largely on the calibre of the personnel ...

I find that extraordinary. He has also said in the previous seven quotes that the current regulatory framework is fine but personnel failed. I find that to be an amazing disclaimer. The success of this new legislation will, in large part, rely on the personnel. He then goes on to talk about resourcing and such things. This new model will depend on the calibre of people and MacSporran himself over the past seven quotes has stated that. Separating integrity will create other issues we have raised in our submission including cultural difference arising when in fact integrity and commercial outcomes should have many common goals and so on.

As a matter of quantum, what I can tell you is that for every \$1.5 million in cost increases in this new bill—some people have said \$5 million and some people have said \$15 million; we do not have any visibility over the cost—thoroughbreds need to increase its wagering turnover by one per cent. If this cost is \$5 million, we will need to grow our industry at approximately three per cent. If anyone does not know, we are in austerity at the moment. Our wagering thoroughbred industry is not growing; in fact, it contracted last year. As I previously alluded to with Eagle Farm, when Eagle Farm comes on that will help arrest that problem. We can ill afford to make decisions to put a burden of cost on the thoroughbred industry through this bill.

We ask the committee to consider that the existing framework is sound. We should be proud of it. People need to have and already have begun saying—

ACTING CHAIR: Mr Whimpey, I just want to let you know there is a minute left in the time allotted if you wanted any questions.

Mr Whimpey: Sure. I will come to the key questions. Why was consideration, or at least discussion, not held around the all-codes model, yet we have landed here from the greyhound commission of inquiry? We need certainty that our industry can adapt. The difference in the framework of New South Wales, Victoria and Western Australia Mr MacSporran says is unremarkable. We find that remarkable. Why change the framework that has taken 150 years? We are asking to pause on these issues and extract them from the amendments in terms of the all-codes board. It shows real leadership from my board. My board has been ridiculed for not coming out and making public sentiment. I want to say on the record that I am extremely proud of my board. They have met with all of their stakeholders directly and they do not play out their thoughts in the public domain—that is, the press.

On behalf of the chairman of the board, Mr Neville Bell, our board, our members and our stakeholders, I sincerely thank the chairman for this opportunity to respond.

ACTING CHAIR: Mr Whimpey, on page 3 it makes comments about the separation of commercial and regulatory arms. The logical conclusion from your proposal is that we should bind the two more tightly together, the regulatory and commercial arms. Is that actually your position?

Mr Whimpey: The question of binding is a question of culture I think. From our point of view, we are saying that the existing framework is in place with the right people in place, such as a strong commissioner who does not have control but who is independent. That is our position.

ACTING CHAIR: Do you see no benefit in separating the regulatory framework such that it is independent of commercial pressures?

Mr Whimpey: The only benefit I can see is MacSporran's benefit, and that is public confidence will improve.

ACTING CHAIR: Thank you, Mr Whimpey.

PENNISI, Mr Vincent, President, Queensland Racehorse Owners' Association Inc.

ACTING CHAIR: Mr Pennisi, do you want to make a brief opening statement to the committee so that we understand your position on the bill?

Mr Pennisi: I would like to repeat and rely upon the submission that I have submitted to the committee and read that into the record without actually doing so dated 27 January 2016.

Our organisation represents all owners in Queensland of thoroughbred racehorses. You have heard from Mr Whimpey that, of the three codes, the thoroughbred code by far provides the major source of income. It is an important code. It is an important industry. Without people who are prepared to own thoroughbred racehorses and race them, you have not got an industry in thoroughbreds.

I would like to summarise a few points arising from our submission. Firstly, I would like to point out that Mr MacSporran QC in his multipage report allocates approximately half a page to his recommendation that the new board comprise seven members, four of them being independent, having no involvement in the industry for at least two years, and during the tenure not to have any interest. He gives no explanation for the basis of that recommendation. You might well consider, as I have mentioned in my submission, that he may be relying upon what he might regard as best corporate practice.

The racing industry is so complex involving so many parties—there are the owners, trainers, jockeys, bookmakers et cetera—that to have people who do not have intimate, hands-on knowledge is dangerous. One might question whether the best corporate practice is in fact correct generally. One can have a lot of research and argument about that. Our submission is that, if that be the case, it does not apply to the racing industry. It is such a unique industry and dangerous that it commands the necessity of people on that board who have an intimate understanding and knowledge of the racing industry.

It will also provide significant confidence to the participants of the industry. You have received about 149 submissions. I have not read them all. I have read a lot of them. I have not found one yet that supports the bill or the whole of it. There are some who support parts of it. You can see that the composition of the industry is varied and wide and involves all sorts of different people. To have the confidence, you need to have people on the board who have the experience. I notice Travis Schultz made an analogy in his submission. I tried to think of one myself and in my research I noticed the composition of the committee. Members are educators including yourself, Mr Chairman. As such, would you have as the chairman of the school board someone who does not have an educational background? I know that you have a masters from Harvard University, Mr Chairman. Does Harvard University have people controlling that organisation who do not have experience in education? The answer is no. We say it is vital that the people being appointed have intimate knowledge.

In my submission I have suggested that you can have strategies to ensure against self-interest. The appointment of someone who is not involved emanates from the concern about self-interest. There is an obligation in law anyway for those people to act properly and lawfully when exercising their obligations on the board, but as well there can be imposed criteria for ensuring the self-interest is not transgressed.

I move on to the next point. In relation to the question of the creation of a new body for integrity purposes, I would totally support the BRC submission. They have done an excellent job and research. Their submission contains the Victorian, New South Wales, Australian and overseas models, and points out the only state that has separate bodies is Tasmania and it is now reviewing that. Where has Mr MacSporran carried out that level of research? Is it, as Mr Whimpey has said, within the scope of Mr MacSporran's inquiry? I think the answer is no. We would submit that there needs to be more inquiry. Consider the research that the BRC has done. Expand it and ensure that we end up with a proper model going forward.

Finally on that point, I also refer to the submission by RQ, where it talks about clause 56 of the bill and the funding of the new organisation. There is great uncertainty about how that funding is to occur. That needs to be clear. If a new body is to be created, it is our submission that it should not be the control body that funds that authority and that it should be funded from the budget. The minister has been reported along those lines, but they are just newspaper reports. There needs to be legal substance and there needs to be clear demarcation if that is to occur.

Finally, the three codes are screaming out that they each want to govern themselves. Clearly, there has to be a whole lot of issues: of course animal welfare and of course integrity, but there needs to be a structure where both can be achieved. It is our submission that there just has not been

sufficient attention and research given and that needs to occur before moving forward. Like BRC, the QROA has not sought the public domain as a means of expressing its views. It wishes to do so in the normal processes and it does so by making the submission and by my giving evidence.

ACTING CHAIR: Mr Pennisi, as a thoroughbred racehorse owner you must want the highest integrity when it comes to the training, the care and the treatment of the animals that you own.

Mr Pennisi: Yes.

ACTING CHAIR: Talking about the independence of the board, if you would indulge me, one of the greatest contributions made to education in recent years was by David Gonski and his committee, which was made up of people outside the field of education who looked with new and fresh eyes at the way that we structure the funding of education. I think the hope is that people who are independent, not necessarily inexperienced in racing but have a two-year separation from the industry, bring that same kind of level of integrity and new ideas to the industry and help expand it. I take it that you do not see it that way?

Mr Pennisi: I am not saying that independent people should be excluded. Indeed, they should be included. In my submission I agree with Mr MacSporran that they need to have skills and experience in law, management, accounting, marketing. They need to have those skills, but they also need to have an understanding of our industry. Mr Whimpey told you that he is the only CEO of any club in this country without a racing background. You cross-examine him as to how long it took him to cut his teeth. I am not sure if he is still here—

Mrs STUCKEY: He is right behind you.

Mr Pennisi: He is an excellent CEO and he has excellent qualifications, but it has taken him time and experience to cut his teeth. There are dangers in having a board without more than one person and there is no chairman controlling that board. If there is to be seven, sure. There could be three independent board members. I am suggesting it be reversed. Mr MacSporran said four-three; I am suggesting that the independents—

ACTING CHAIR: Two from the thoroughbreds?

Mr Pennisi: Obviously. It is not because of self-interest, partly, but we provide the greatest income.

Mrs STUCKEY: Vince, I am wondering where country racing fits here? Should they be included to have a say, either ex officio or another way as part of an advisory group, because this board is going to be very narrow in its field of expertise, as far as racing expertise goes?

Mr Pennisi: Of course country racing serves a place and a purpose.

Mrs STUCKEY: How can that happen with this current board structure? Who would they replace?

Mr Pennisi: I have not done any research on that, but if there were to be two from thoroughbred, one of those could be from a country background.

Mrs STUCKEY: It is worth thinking about.

ACTING CHAIR: Mr Pennisi, you represent racehorse owners. We saw the scandal that rocked the greyhound industry. Do you have any concerns that at some point in the future some issue of racing integrity could damage the thoroughbred industry to the point where the value of horse racing and the joy that you get out of owning racehorses could be reduced through integrity problems and scandal?

Mr Pennisi: Absolutely. It is a risk in every race. In every race you might have seven to 14 runners or more and they are racing every day. There are countless meetings throughout the country every day and every race has a danger. And before that, there is the training track.

ACTING CHAIR: Integrity is certainly important. Mr Pennisi, thank you very much for your contribution.

Mr Pennisi: You are welcome.

ACTING CHAIR: Thank you for appearing today. We really appreciate it.

COTTER, Mr John, Executive Director, Australian Quarter Horse Racing Development Pty Ltd

ACTING CHAIR: Mr Cotter, would you like to make a brief opening statement about the Racing Integrity Bill 2016 for the benefit of the committee?

Mr Cotter: Thank you very much, Acting Chair. Thank you for the consideration of our submission and the opportunity to speak today. The Australian Quarter Horse Racing Development Pty Ltd, AQHRD, was created in 2010 with the specific mission of developing the quarter horse racing industry in Australia. On 12 February 2014, AQHRD was given the control body approval for the fourth code by the Queensland government, which is to provide the establishment of a quarter horse racing industry. Quarter horse racers are different to thoroughbred horses that are bred and raced in Australia. Quarter horses have a quieter nature, generally are easier to train in terms of time and facilities, and quarter horses have a significant life after racing and are versatile enough to be used in stock work, camp drafting, barrel racing, reigning and pleasure. Quarter horse racing is also one of the purest forms of racing, with less interference from other horses due to a straight line and our introduction of no whips.

I note that all directors of AQHRD hold no ownership of horses and we acknowledge the significant difficulty in managing conflicts of interest in the industry. AQHRD was intended to manage the control body functions with our own robust integrity framework. Our submission is that AQHRD was to continue the activities of regulation of quarter horse racing in Queensland as required under the current act, facilitating the development of the industry for licensed wagering, licensing quarter horse racing venues and participants such as owners, trainers, jockeys and, obviously, certain categories of staff working with the horses. We have been extremely excited and proud to be given the approval to nurture and grow a vibrant new economic industry in Queensland in the form of quarter horse racing.

We do note, though, that we have invested significant capital and we now appeal to the committee to increase the knowledge of and consultation with our industry, as we are now in a complete hiatus. Quarter horse racing has, in our view, a major step forward of which now we see the bill having several unintended consequences for your consideration. One: the racing bill is silent on how AQHRD, and future potential bodies will exist per section 90. The bill is silent on how multiple control bodies can occupy venues, either separately or simultaneously. This is something that I would draw the attention of the committee to in the US industry, which is thriving through multiple racing venues. The bill does not account for activities to ensure codes are not adversely affected through market pressures, the governance body for multiple control bodies and how those disputes can be arbitrated, how licensed clubs can access alternative control bodies—and I note the committee's questions on rural racing, which is something very important to us on this topic—how existing licensed tracks and bodies under the ownership and control of Queensland racing will interface with a different control body. Finally, we do not have any information on the regulatory impact statements that would be before you in respect to the economic impact and fee structures on an infant business like ours. Our submission maintains a position that you need to recognise the economics of where we are and that we need to get this industry going.

ACTING CHAIR: At what stage is quarter horse racing at? Is it still in the developmental stage?

Mr Cotter: The business case in draft was submitted to the Office of Racing last year. Obviously, with the events in the broader industry, we have been in hiatus since. We are essentially ready to go, is the short answer. We have our industry advisory group, which is our way of governing interaction with a significant horse population around where races could develop. The pressure for us is that when we put on one race, we are going to be asked by many areas in Queensland to put on picnic races to help give people that indication. We are starting to breed, to develop the industry. The second point I would like to make is that we actively try to plan around getting as many quarter horses out of New South Wales for the benefit of Queensland on that topic, too.

ACTING CHAIR: It is good to see integrity was important in the formation of the industry. The suggestion it is that the Australian quarter horse racing industry be granted an extra place on the board. If that were not to happen, the remaining board members would have equal representation in representing your part of the industry, as opposed to other parts of the industry. Would that be of benefit to the Australian quarter horse racing industry?

Mr Cotter: The important position, I suppose, we would say is that we would like to stay as independent as we possibly can now. We are conscious of the spirit of the act, hence, that is why our submission said we would like one spot. But to your point, yes, we need to get this industry going.

We need to work with the other codes. That is something that you will see in all of the material, that essentially quarter horses have been boxed out for a significant period, so we think that this is an opportunity to seek coexistence, for all codes to move forward.

Mr BENNETT: Welcome, John. In relation to your comments about the bill, would you be able to tell the committee about any consultation or any engagement that you might have had in the preparation or the drafting of the legislation?

Mr Cotter: With respect to the departmental staff, we have had a couple of meetings. They have realised, obviously, the spirit of our submission in pointing out where we are up to. We have had one meeting with the minister and that is it. Whilst I have the utmost respect for the department, I must admit it was quite a surprise not to be taken on the journey.

Mrs STUCKEY: John, could you explain a little bit more about what you believe to be the unintended consequences of the bill?

Mr Cotter: In terms of the absent nature of how multiple codes will work, that is probably my predominant concern. To set a good example, in the US I note that our shareholders, essentially—if I could call them this—are the godfathers of the industry there. It is interesting to watch a straight quarter horse race happen and then literally a thoroughbred race straight after that. I am conscious that the thoroughbred industry is trying to move as quickly as they can with product customisation across the globe, in terms of product. The unintended consequences of the act at the moment is that there is simply no line of sight of how that can possibly happen. I note one of the earlier speakers today talked about globalisation. We are competing globally in putting product out there. We think we have a good product that will complement the industry already. With the regulatory framework, it is very difficult to envisage how that would work.

Mrs STUCKEY: As a segue, to then think that an independent board member would have a special interest in quarter horses would not satisfy you, because they would not be independent, then, would they?

Mr Cotter: I cannot see how that would work, no.

ACTING CHAIR: That you are very much, Mr Cotter, for your submission and for your appearance here today.

Mr Cotter: Thank you.

ANDERSON, Mr Dale, Private capacity

CORNELL, Mr Jason, Private capacity, via teleconference

MORLEY, Mr Steve, Private capacity

Mr Morley: By way of a quick introduction, we see our main purpose here today as hopefully conveying to this committee the real size and magnitude of this industry and how important it is that you are fully and properly informed. It is an enormous business that has many and far-reaching consequences so the implementation of any new bill to govern it needs to be thoroughly researched and consulted on, and we do not feel this has been satisfactorily done in this instance.

Potentially, putting in place a new racing bill, however, does present us all with an ideal opportunity to right some of the wrongs that currently restrict racing and breeding here in Queensland. That is something we need to encourage and it is also something we need to take ownership of. Your recommendations at the end of this process will influence how effective we as an industry become in the future, and that is an opportunity that we cannot afford to let pass. A number of those before us today have already outlined that the concerns are the board structure and the cost of the integrity unit, and those are things we would also support.

We acknowledge that there are issues and challenges within the industry. However, before anything else is undertaken or changed we feel there is a need for everyone to be really informed. I have personally asked the racing minister to update what the true economic significance of the racing industry is within Queensland, and I feel this is something that this committee should also request at the end of this process. The last analysis done on the economic contribution that the industry made to the state's economy was undertaken by a company called IER in 2009. Similar work has been done in New South Wales and Victoria and has laid the foundation for both those governments to develop strategies to successfully grow the industry in those states.

According to the IER report in 2009, the racing industry was more than a substantial contributor to the economy in Queensland. Almost seven years ago the industry was directly responsible for \$855 million in economic spend, or GSP, and when induced and indirect impacts are included the Queensland racing industry contributed just over \$1.4 billion. Furthermore, it sustained the full-time-equivalent employment of more than 30,000 Queenslanders in the industry, the vast majority of whom are unskilled. To put this level of employment in perspective, the racing industry was an employer of considerably more individuals than the electricity, gas and water supply sector and just below the communication sector. The IER report found that the activities of the racing industry generated more than \$140 million in taxation revenue for the state and federal government. In our opinion, an upgrade of the IER analysis is an essential tool into the development of the new five-year plan for the industry and would also allow parliament to better understand the vitally important role that racing and breeding in this state have in the wider community. It is imperative and in our opinion no decision should be made on this bill until all this information is available.

In the meantime, we also have the responsibility to keep this industry moving forward, but, again, we need updated information. It has been a long time since the MacSporran report, the Racing Integrity Bill and the Tracking Towards Sustainability report were released, and there is an opportunity to update some of that information right now. For example, in just a few weeks we can replace the projected budgeted figures with the actual figures. That information would be useful to make sure at a minimum the government and, importantly, the parliament through this committee and the industry have an up-to-date picture of the state of the industry before the bill is debated.

For me, two of the major things lacking in the debate about our industry's future and how it should be governed are the strategic plan or policy framework for the next five years as well as implementing a safeguard to ensure that we can continue to grow and prosper despite what is happening on the political front. Dale will expand on that. I will hand over to Dale now.

Mr Anderson: I think the committee needs to understand the ramifications of the uncertainty that has been created by the bill process. Uncertainty affects small- to medium-sized businesses and big businesses quite dramatically and it has had a significant impact on my business—not any factual aspects, just the creation of the uncertainty. We have had a reduction in broodmare numbers, from 40 broodmares down to 30 broodmares, and we have had a reduction in two staff on the farm. We have had to do that because of the uncertainty. People have withdrawn their ownership from broodmares; they have withdrawn their ownership from racehorses because they are worried. I do not think the uncertainty is justified. If you have a look at the \$28 million, it is only a small proportion of the total budget. In fact, it could be just two wet race meetings that could make up that loss. It is not good that that uncertainty is being used as a political football.

To add to what Steve said, we would like continuity with the racing board. Under this current suggestion, if there is a change of government what would concern us would be it would be thrown out again. The uncertainty destroys our business. Every time a new minister comes out and says, 'This is a debacle,' we lose money. Our industry cuts back. We rely on people wanting to be involved in racing. It is discretionary income. It costs someone about \$300 a month to have a 10 per cent share in a racehorse. That \$300 a month is discretionary. When there is uncertainty in the industry that \$300 is not spent, so we lose shareholders in racehorses and we lose business.

We would like to suggest that the committee goes back and has a look at how they could structure boards going forward based on some of the past models—one particular model worked quite well where industry had a vote and put members up—or maybe the Victorian model. The Victorian model has been quite interesting recently because nominations have not been called for board members. The board itself has said, 'Let's find someone that is perfect for our board,' and the industry has voted unanimously to support that person. The Victorian board is progressive and going forward. The Victorian board is not totally suitable—there is some unfairness in the voting structure—but it does demonstrate that something can be put in place that will work. We would like to recommend to the committee that you go back to the drawing board and have a look at board structure and consult with us. We want continuity. We do not want the political cycle up and down. It destroys our business.

In regard to funding, most people have said that there is uncertainty about funding. I sit on a couple of other statutory authorities in my other capacities in volunteer positions and I know that funding is linked back to operational plans. The particular one I am talking about is a rivers trust that I sit on. The legislation is very clear that the funding is linked back to an operational plan that is passed by a minister and that operational plan is required to have consultation with the community—our base. Those simple words do not exist in this bill. There is no link between the funding of integrity and the operational plans. That is all that needs to be done. If you link funding with operational plans that the minister passes, we cannot have the uncertainty because the operational plans will be delivered to the minister, industry will have an opportunity to consult on them and—guess what?—there is not one person that is not a client of my farm that does not want better integrity—not one person. We do not want to see again what has happened. If there is an opportunity for us to contribute to the operational plans of integrity, be it animal welfare groups, be it racehorse owners, breeders or trainers—all of us—we would like to contribute. We do not want this to occur again. It has been an absolute debacle. I do not think there is any more I need to say that other people have not said. I support wholeheartedly what a lot of the other speakers have said.

ACTING CHAIR: Thank you, Mr Anderson. I might get a brief comment from Mr Cornell.

Mr Cornell: One of the major themes I want to comment on is the structure of Racing Queensland. The three codes together do not work. I use New South Wales and Victoria as an example. Both Bernard Saundry, who is the CEO of Racing Victoria, and Peter V'landys, who is the CEO of Racing New South Wales, funnily enough both have harness racing backgrounds and are both on the record as saying that it does not work with the harness and the greyhounds and the thoroughbreds all together. Obviously I come from the thoroughbred side and I understand that that is 75 per cent of the wagering turnover in Queensland. I think you have to get that structure right.

Secondly, just yesterday both New South Wales and Victoria were at the negotiating table in regard to doing a trial together for 30 minutes with the races. Queensland were not involved in that negotiation. They were probably concentrating on some of the bad news that was happening with greyhounds. The chairman of both Racing Victoria and Racing New South Wales, as I understand it under this bill, would not even be invited to be on the board. Both John Messara and David Moodie as significant owners would be ineligible to be on the board of Racing Queensland. To me that does not make sense.

Last but not least, hire the right people. Even if there is a split between the integrity and the commercial and marketing activities of Racing Queensland, let us get leadership that has commercial and marketing experience. If you cannot find the right people or you do not think the right people are in Australia, let us get somebody from overseas. I know I have a bit of a vested interest there because I used to work for the Hong Kong Jockey Club and I will be applying for the Racing Queensland CEO role. They are the three comments that I wanted to make.

ACTING CHAIR: An early job application. Anyone might comment on this: Mr Morley spoke of the huge economic contribution that racing in Queensland makes. Regardless of the scale of the contribution—we know it is a strong economic activity—is integrity a threat to that? In the future, could the industry breaking down in scandal and difficulties, such as we have seen in the greyhound industry, threaten the viability of the economic role of racing in Queensland?

Mr Morley: We are very supportive of what the integrity unit would do. There is no argument whatsoever with that. Everybody is standing there cheering and going, 'This is a great thing.' We have no issues with increasing integrity to the role that it is. The problem we have is how that would be funded and the uncertainty that is surrounding that. You will only get three cheers from all in racing to bolster that.

Mr Anderson: Your question was: is there a risk? I do not know what Stephen Dank is doing at the moment, but he is probably thinking about where he can put his skills. As a scientist I know that there are a number of things that we can do to increase the performance of horses that are not tested at the moment and not under scrutiny. Do they risk the welfare of the horses? Probably not. Is there a risk in the future? Yes, there is. Is the current regulation, or the current integrity, good enough to handle it? I dare say it is. I think the people who were managing that unit failed us abysmally.

Mrs STUCKEY: You are talking about people failing you abysmally. I have asked this question before. Jamie Dart worked for Racing Queensland—

ACTING CHAIR: I am just reminding you that we are concentrating on the current bill.

Mrs STUCKEY:— as a chief steward and the positions are open in this bill for a commissioner of integrity and two deputy commissioners. Given what you were just saying about the wrong people and that they have failed us, are there concerns about Mr Dart continuing or taking a senior role in the integrity commission?

ACTING CHAIR: With respect, member for Currumbin, this is exactly the same thing that we went over the last time. We are concentrating on the bill in front of us, not individual people.

Mrs STUCKEY: With respect, the bill determines that there will be a chief commissioner and that there will be two deputy commissioners. The minister has announced in the paper who the integrity commissioner will be, but there are two positions going. Given that harness and thoroughbreds have been dragged into this inquiry quite by chance, I think that is a very valid question, because it is one that the industry has raised with me.

ACTING CHAIR: Thank you. I have made my ruling on that. Mr Anderson and Mr Morley, I want to ask you about the structural separation of the integrity and the commercial arms and whether that is of benefit or, as British racing saw, more of a hindrance.

Mr Anderson: There will be some problems. Most of my clients would not be concerned about the separation. The concept has been raised before. Mr Carter pushed it in the past. The concept is looked at in Victoria. The concept of the separation of integrity brings up two important aspects. Currently, our industry has to be responsible for the public good component, which you guys really are responsible for, which is a problem. If you separate it, maybe there are some benefits in that the public good component could be addressed in a different way from the racing component.

There are some issues with the marketing and delivery of the product. There are issues about stewarding and handicapping. Handicapping is absolutely critical for punting turnover. Basically, we are the business of punting. That is what we are. We are the business of gambling. So the question needs to be asked: are you guys in the business of gambling and growing gambling revenue? I do not think that you guys are in the business of growing gambling revenue and that you should try to separate yourself from our business to the best of your ability. I do not think that the public would like to think that they have a racing minister that is in the business of growing gambling. I am sure they do not. It does not make sense from a public good perspective. So maybe the separation aspect would be good.

There are issues with race reporting. The stewards do reports on racing aspects when a race occurs and they make judgements about what horses did in that race. That benefits future punting and gambling revenue. So there will be issues about, when you separate integrity, how we deliver that aspect of the product if there is a separation. Handicapping and punting: they are the two things I can see. Steve might want to add some more.

ACTING CHAIR: I might just ask Mr Cornell.

Mr Cornell: Yes, for my comments in regard to integrity and the commercialisation I will quote my former boss, Winfried Engelbrecht-Bresges, who is the CEO of the Hong Kong Jockey Club: 'Integrity is everything in regard to any form of wagering.' You only have a look in Asia, for example. Why is the Hong Kong Jockey Club so successful and why is wagering turnover very positive there? It is because they have great integrity. Just across the causeway in Macau, there is not so much, because there are a lot of issues in regard to the integrity of the Macau Jockey Club.

In regard to the splitting of it, I think potentially it could work but, in looking at the other examples in Australia, you may have to question why you would need to do that. I think the major part of it is in regard to the budget. I am sure that, for example, in South Australia they would love to have a lot bigger budget for integrity measures than stewards, but they cannot afford it because it is under the organisation of Thoroughbred Racing South Australia at the moment and they are not generating the returns that are required.

Victoria has great integrity measures that they are spending a lot of money on there. Racing Victoria reported a \$50 million profit in the last financial year. So they have the resources to be able to do that. I think it is all about getting the right business model for racing. There are obviously a lot of examples and a lot of expertise in regard to getting the right model for racing but, certainly, integrity is a key for any support of a wagering product

ACTING CHAIR: Do you have any comment on that?

Mr Morley: I would agree with most of that. Integrity, as I said before, is just something that is integral and we have to be very open with that. I think the racing bill gives us an opportunity and we should not miss that opportunity. I do not know why we need to reinvent the wheel, so to speak. Racing Victoria is not only the most successful racing state in Australia; they run the most successful racing state in the world. Yet we find that we are getting dictated to by a bill that does not follow that. Why? Why do we have to have a different board structure from that they do? Why do we have to do things differently from them? Are we somehow smarter than them?

That is part of the issue with going with a bill from somebody who does not have industry experience, which leads on to the board problems and the way that it is structured at the moment where there are four independents. They will make mistakes if it is done like that and we cannot afford that. No doubt, Mr MacSporrán is exactly the type of person who could apply for that board position, but what he has done is not in the best interests of racing and you have seen it here today and I know that you would have to feel it in your heart. Why do we not revisit this? For me, I see you as a committee as just pressing the pause button, going back and saying, 'We need to look at this better. How do we make racing better? How do we fix the board structures going forward so that it is not as politically volatile? How do we put things in place so that the cost of the integrity unit can be controlled?' and in the meantime appoint an interim advisory board to help the guys who are there because they lack so much in experience at the moment and that leads to further downturn. It is a cycle that needs to be reversed. So your responsibilities are enormous.

ACTING CHAIR: Mr Morley, the independent members are not necessarily inexperienced in racing. The suggestion was that they had not had direct involvement for some time. You spoke of political volatility and Mr Anderson spoke of uncertainty. Would this model, at least in Queensland within the milieu of our racing, perhaps give that certainty and more continuity over the longer term?

Mr Morley: I do not feel that it would, no. In my opinion, no, it would not. I think that you have to have industry approved people who can maintain that continuity through it. I think historically it shows that that is the case. Here in Queensland we have been up and down, left, right and centre and we have not grown our business to what it should be. That is one of the reasons I feel that we need that economic impact. Because once people raise exactly how important we are as an industry, then we can get that further respect and maybe then we can be allowed to grow and develop as we go through.

I have no dramas with independent people on the committee to a level. I have a problem with them being the majority of the board, including the chair and the deputy chair. I think independent boards are put in place when you are talking about normal governance and financial oversight. But once you start talking about an industry development role, it all changes. These guys do not know, unless they have an intimate knowledge of the racing industry, how to best achieve that. How long does their independence stay independent? You have to go to race meetings. You have to talk to this guy standing here and, suddenly, you are influenced by his decision. It is not going to last for long and there are going to be people lobbying these guys left, right and centre. I think that we just need something where you as a committee can go back say, 'We need a better board structure for all going forward' to take this out of the play.

ACTING CHAIR: Mr Anderson, do you have any final comments?

Mr Anderson: I totally agree with Steve. I think what he is alluding to is that, if the committee can see a way to undertake more consultation on this aspect so that we can at least contribute in the future—maybe his concept of an interim board—that will give us time to consult and gather the information and have a look to see if we can come up with a model that will work best for us going forward

ACTING CHAIR: Mr Cornell, do you have any final comments?

Mr Cornell: My final comment? Just going back to that point, if you have a board structure that eliminates a John Messara or David Moodie—if they desire to retire to Queensland tomorrow and they are ineligible to go on that board, I think you have the wrong structure

ACTING CHAIR: Thank you very much. I thank Mr Anderson, Mr Morley and Mr Cornell for their contributions today.

DOSSETTO, Mr Wayne, Secretary, Breeders Owners Trainers & Reinspersons Association (Qld) Inc.

ACTING CHAIR: Unfortunately, Mr Bennett, the member for Burnett, has had to leave but he will read the transcript and watch the video later. We have also lost the member for Currumbin. Mr Dossetto, Would you like to give a brief opening statement for the benefit of the committee about your views of the Racing Integrity Bill 2015?

Mr Dossetto: At the outset, I would like to state clearly that BOTRA is totally supportive of integrity in every aspect of racing in order to create an even playing field, comply with the law and create trust in the racing product. We have, however, supported the submission made by QROA based on three main issues: the process leading up to the integrity legislation; the cost burden of the structure on the industry; and the apparent lack of any educative or collaborative component. The integrity structure and legislation was framed around the MacSporran inquiry into greyhound racing. The structure may indeed be the most effective structure for all racing codes. However, we will find out this only in time and then it may be too late and we will see racing damaged even more than it has been in recent times. Surely, it would be more prudent to investigate the integrity structure and legislative requirements of all racing codes and fully review the needs of thoroughbreds and harness racing and then make recommendations based on a complete review.

The cost of the integrity system is to be largely born by the racing industry. It seems an unfair impost to single out racing from other industries that are also heavily regulated. The Queensland government taxes racing wagering in Queensland at a rate of approximately 40 per cent higher than the governments of Victoria and New South Wales. This tax generates more than enough income for the government to fund all the integrity costs, and probably even give some back to the industry.

The MacSporran report states—

Understanding roles and responsibilities is a key element of effective collaboration, and to this end ongoing education will increase the ability of the regulatory authorities to work collaboratively.

The report references education several times. However, the importance of education is not once mentioned in the legislation. The report continues—

In a new regulatory environment, the policy pendulum would usually be heavily in favour of encouragement through education and awareness, rather than enforcement through appropriately planned administrative or criminal sanctions.

It would appear enforcement has been included rather than collaboration and education. It appears to be supported by the recent appointment of a highly ranked police officer to head up that integrity unit.

I reiterate that harness racing stands ready to support government in the management of integrity in racing. However, we have grave concerns around the process and the delivery of the proposed system and its cost. We respectfully request that the voices here today are heard and a review be undertaken to ensure an appropriate integrity management structure is in place with the associated legislation that does not overburden the racing industry and takes a collaborative and educative approach to its role. I would just like to add that harness racing is extremely disappointed that there has been no collaboration with regard to the legislation to date apart from our opportunity to speak here today.

ACTING CHAIR: You spoke about the costs of integrity. At the moment the industry funds the significant costs of integrity through race day stewarding, licensing, testing and enforcement. Lots of other industries—mining or venues selling alcohol—commonly fund the full or partial costs through recovery mechanisms for their integrity or monitoring mechanism. Do you think that racing should be different and different from the past?

Mr Dossetto: It is probably the new structure that is proposed and its costs and the unknown costs associated with the structure we are possibly moving to that are of grave concern. There have been reports that it could double from where we are now—from somewhere around \$13 million to up to \$20 million. As the previous speakers have said, the ability for the industry to be able to recoup costs through turnover and the like, which is where most of our income comes from, is extremely dangerous. Some of the problems we have had with the greyhound industry could have come about by trying to get more turnover. The wrong message came across. In an endeavour to do that we had the wrong actions being taken.

ACTING CHAIR: If there were greater public confidence in a new integrity system would that lead to greater wagering, turnover and investment by owners?

Mr Dossetto: I would have no doubt it would. The previous speakers mentioned Hong Kong as an example. In Hong Kong integrity is considered to first class. As a result of that they have first-class turnover. There would be no question that unquestionable integrity, if there is such a thing, would result in benefits for everybody.

Mrs STUCKEY: Wayne, I am sorry I missed the beginning of your presentation. You say that there has not been much consultation if any for the industry. What would you ask of the government and the committee before this bill is debated in the House as far as your involvement is concerned? What involvement would the industry like?

Mr Dossetto: I guess to be involved. We are supportive of previous speakers who have said that we may still have to take a breath and put an interim board structure in place. There are differences in the industry. The thoroughbred industry has not been consulted. This has been largely formed around the greyhound industry. The horse codes have largely not been consulted to get to where we are today. The industries are totally different. There needs to be input.

Mrs STUCKEY: Do you feel that the harness racing industry has suffered any financial impact due to the hiatus in racing and the negative focus? We understand that confidence and integrity go hand in hand. Can you give us any measurables as far as its effect on harness racing in the last 12 months?

Mr Dossetto: Harness has been affected by the whole racing industry—the swab issues with cobalt and other substances. Those issues have been raised and have sat for extended periods of time instead of being answered. They have gone on and on. It is outside the legislation, but what has been happening at Racing Queensland has seen us lose owners, I am sure. Certainly trainers and drivers have taken their horses to New South Wales. They see better options interstate than they currently see here in Queensland. We need to work together to fix that.

ACTING CHAIR: Thank you very much, Mr Dossetto, for your contribution and your submission.

Mr Dossetto: Thank you, Mr Acting Chairman.

KATTER, Mr Robbie , Member for Mount Isa, Parliament of Queensland

ACTING CHAIR: The committee determined that once we lost Mr Katter from the committee we would lose our quorum. We will now meet as subcommittee to hear Mr Katter's submission. Would you like to give us a brief opening statement?

Mr Katter: Thank you. By way of background, as a politician in a western area you must heavily involve yourself in country racing. You have no choice. I say with a bit of levity that I think my grandfather financially supported most of the bookies in Mount Isa by virtue of his bad punting throughout the 1970s and 1980s.

I have a close association with the industry in Mount Isa, being a minor owner myself. I would like to focus mainly on the impact on or the threats of this bill on country racing. I think an area that needs to be addressed and is typically lost in the conversation is the economic and social benefits of racing outside of the activity itself. It has been mentioned already in this inquiry. I would like to focus on that. You have the farriers, the stockfeeders, the stablehands. The activity outside the industry and the people who draw a wage from all the race events as we tour around western areas is remarkable. Sometimes it is the biggest event in those places. Someone who looks at it from a corporate point of view from Brisbane would look at some of these things and think they are completely insignificant. They add greatly to the areas concerned.

It is probably a bad example to use given that it is exaggerated, but we should look at the commercial contribution of the Birdsville races. The gate takings and gambling revenue are nothing to be sneezed at. It is not that big compared to other races. The economic benefit generated is significant. I think they have said it is around \$5 million. It is an exaggerated example, but it is the same for the Maxwellton club near Richmond. It is a once a year event. They have never had a cent from the government. It is community maintained through sponsorship and those sorts of things. They form part of the community fabric. Much has been said about that already.

We have the showcase part of the industry—the Magic Millions and the Eagle Farm races. That is a wonderful part of the industry. Country racing is a training ground for jockeys. It is the back door for the horses that do not work down here. They have a home to go to in country racing. That is an animal welfare issue in itself. There is a home for those animals.

If there are people who look at this from a commercial prospect—and this is relevant in terms of this bill—without knowing the issues they will see things differently. I am by no means an expert. I have tried to parade myself around here as being heavily involved in the industry. I do have some exposure to it. I would not feel comfortable commenting and making decisions on the future of the industry because I just do not have the experience. Unless I had a number of good racing people around me on a board, I certainly would not feel comfortable that I was across the issues. Quite frankly, in terms of metropolitan racing I am pretty naive and ignorant about the issues that would affect them. There would be characteristics of that industry that I would be unaware of.

In terms of social benefits, there are myriad forms of entertainment in metropolitan or coastal areas, but there are very limited forms of entertainment in country areas. There is a very important social aspect to these things. Industry viability goes to representation. In terms of representation, at the moment there is no avenue at all for country racing to have a direct link on that board. I think the attitude of country racing would always be that it would be a challenge to be represented at that level but to be sure that you are excluded from that level would make it very difficult.

From conversations I have already had with Queensland Racing around this, the language used was that they have to be commercially viable and we have to lift the business in Mount Isa and other areas. There is really not a lot of business lifting you can do—expanding on the existing activities. I think that is going to be the rationale. If there were future decisions to cutback racing or funding, I think it would be on the basis that they need to lift their business. I think that sort of dialogue has been fairly public already.

I think compliance is going to have an impact on viability. If you have a farrier in Hughenden who suddenly has to get compliance checks he is going to say, 'I was doing this out of love in the first place. I am out of here.' A very close friend of mine, whom I had lunch with on Saturday, was a trainer in Mount Isa and he quit the industry. There is money there but not enough. I have actually had two friends quit the industry in the last 12 or 18 months. They had both been there a long time. It is on wobbly wheels and needs all the help it can get. That is not to say it is in decline. It is a strong and viable industry. We need to make sure that there are people who know exactly how this industry works and that they have connections directly with the decision makers. Some of the language that I have heard around making country racing more commercially viable would set off extreme alarm bells to someone like myself when it comes to its future.

In my submission I have expressed the concern that the bill was spawned from the inquiry of Alan MacSporran QC which I mentioned did not raise harness or thoroughbred racing. I make reference to the old adage, 'If it ain't broke, don't fix it.' There were certainly some issues that could be improved upon. Things can always be done better, but rebuilding the entire structure of the board is not the answer.

The other observation I would make is that one issue has always been, even at a local level in Mount Isa, that it is very hard to get unity in organisations, but there has been a real unity and energised nature of the industry around this issue. I think always in good government we should be listening to industry participants, particularly when there is strong unity on that issue. If they feel that the representation will not do its job, then we should be listening to that. I hope that is something that really comes through in the committee's deliberations. After all, we are trying to address this industry, so I hope that the consultation is enough and perhaps a lot more inclusive throughout this process. Certainly, my observation is that it has been a rare occurrence to unify and energise the industry so well.

I go to the proportion of representation on the board as well—and if the nature of the bill changed and it did allow participation there. I know it was mentioned earlier but the thoroughbred racing, and not to the detriment of those other fields, is such a large component of the revenue generator in racing. I think it is a very valid point that they would have proportionate representation and someone with skills in that area. I tried to go through some of the issues in country racing that are unique. I am certainly no expert in this, but in this short process with my involvement with this committee and this bill I have learnt a lot more about the country racing industry, even though I would attend 10 or 20 events a year.

There are a lot of finer points to the industry that make it work that would have to be known intimately by the board. Some of the early discussions I have had with people involved at that level would lead me to believe that it is more a commercial outlook that is going to be taken, which fits in with the change of that committee structure. I see that as a real concern.

Once again, I go back to that compliance issue. I think that is one of the greatest concerns of mine. In so many small towns, it is hard to get the expertise and knowledge. You are just grateful that you have someone in the town that can do the job. In many cases, they do the job a lot better than people who do have compliance. Compliance can mean costs and more burden that they can ill afford. What might be a very legitimate and practical solution in Brisbane racing may be very impractical and probably prohibitive in many country areas, so compliance is a big one. That brings me to my conclusion.

ACTING CHAIR: Robbie, thanks for the passion you bring about country racing. You said that the same compliance standards for Eagle Farm are completely unacceptable and unworkable in the north-west. While I respect that, what we have heard today is that integrity of the racing—the handicaps, the stewardship, the doping, the animal welfare—is essential to growing the sport and making it more popular. Already I imagine in Mount Isa you have blokes who are at the races and on their phone betting on the NRL or betting on something else. To make a success of country racing, is integrity just as important there as well?

Mr Katter: Yes, it is a good point. There is no devaluing of integrity here. The point I was more interested in on that is that the decision-makers who are going to be making these decisions would have to have a really intimate knowledge right through what these flow-on effects can have. It is great to visit a country race meeting. We have had representatives out there since the changes and that is good, but that is why I just said that I have spent a lot of time in the industry but I am learning a hell of a lot. I think that would be at risk—that you would just miss a lot of the finer points that will have a lot of adverse effects. I certainly do not want to devalue integrity as part of the industry.

ACTING CHAIR: If there are no more questions, we will get Robbie back on the committee. We now move to the departmental briefing.

COCSETTI, Mr Michael, Principal Policy Officer, Office of Racing, Department of National Parks, Sport and Racing

MULLENS, Mr Andrew, Director, Policy and Legislation, Office of Racing, Department of National Parks, Sport and Racing

OESTREICH, Mr Wade, Senior Executive Director, Office of Racing, Department of National Parks, Sport and Racing

ACTING CHAIR: I am not sure how you want to structure this part so I will leave it in your hands.

Mr Oestreich: Just to clarify, is the committee seeking an overall briefing?

ACTING CHAIR: We have had a briefing, so could we have an updated briefing on some of the issues we have heard about today? That is what the committee would appreciate.

Mr Oestreich: Certainly. Generally speaking, the presentations that have been brought before the committee today have addressed a few key matters. They have been general issues around the make-up of the board, the scope of the MacSporran inquiry and some matters around the cost of the QRIC and the funding sources for the QRIC. I will address each of those three, and if the committee has further questions about other matters then obviously we can address those at the end. Certainly, in terms of the matters around the cost of the QRIC, concerns have been raised that it should not be the case that the cost of integrity is paid by the industry.

ACTING CHAIR: Some suggested that general taxation pay for all of the integrity issues.

Mr Oestreich: Correct, yes. Integrity costs currently are already predominantly covered by the racing industry through Racing Queensland, as Racing Queensland are responsible principally for integrity matters within the racing industry. The current Racing Act requires them, as the control body, to take responsibility for the three codes of racing—being thoroughbred, harness and greyhound racing. Racing Queensland obviously—because it is within their scheme of control—currently bear those costs.

Certainly, as I mentioned, the work of the control body, being Racing Queensland, is by far and away the bulk of the integrity activity in the sector. The Racing Act—and when I say the Racing Act I mean the current Racing Act—provides for the control body to fund the part-time integrity commissioner and the costs associated with the work undertaken by the part-time integrity commissioner. There is wording in the existing Racing Act that very much mirrors the proposed legislation—it says that the principal costs of the racing integrity commissioner will be met by the industry.

The size of the overall QRIC and in terms of its overall costs are fundamentally not dictated by this legislation; they are operational decisions of the executive government. As such any questions that the committee members may have around the size and quantum of the QRIC are best directed to the minister.

In terms of the make-up of the board, the Queensland greyhound racing industry commission of inquiry recommended that the board of Racing Queensland be expanded from five to seven members. This is very much in line with best practice for commercial organisations. For example, the Australian Stock Exchange Corporate Governance Council states in its corporate governance guidelines—

Having a majority of independent directors makes it harder for any individual or small group of individuals to dominate the board's decision-making and maximises the likelihood that the decisions of the board will reflect the best interests of the entity ... generally and not be biased towards the interests of management or any other person or group with whom a non-independent director may be associated.

The intention then of course is that the technical and representational input into the broader decision-making process is contributed by the non-independent members, or the sectoral members who are on the board who can feed into those discussions and deliberations, and of course from the organisation itself or directly from industry participants should the board wish to take up that advice. These principles, as outlined in the guidelines, are relevant to all industries, not just those that are listed on the Stock Exchange.

The scope of Mr MacSporran's inquiry is another matter that was raised. Mr MacSporran found that, while the trigger issues for the inquiry were in fact the greyhound racing industry, the self-regulatory model had failed and that Racing Queensland's ability to meet its obligations was compromised by the inherent conflict of interest in Racing Queensland being responsible for both the

commercial and integrity elements of the business. In other words, the structure facilitated the culture which then led to the failures. This led to his recommendation that the regulatory functions in total of Racing Queensland be separated from the commercial functions to allow each side to focus on its core business—so the regulator can develop an appropriate regulatory culture and the commercial entity can develop its own commercial culture in the best interests of both organisations.

Mr MacSporrán did specifically address in his report that the risks of similar matters occurring in both harness racing and thoroughbred racing were present and were real because of this same presence of the inherent conflict of interest that led to a culture that led to failure. So Mr MacSporrán did specifically recommend that the integrity function in total be separated from the commercial entity in total.

ACTING CHAIR: One of the contributors, Mr Morley, put forward about the economic benefits, which I know the department is very well aware of. One thing I had a question about is whether there is any calculation about the economic benefit of stronger integrity measures. We also heard that stronger integrity leads to greater growth and confidence in both wagering and ownership of horses—so integrity at the stewardship, the handicapping, the doping plus the animal welfare led to a contribution in growth. Have there been any calculations about that from the department or any comparison, such as the one that was put up of Macau versus Hong Kong?

Mr Oestreich: It is actually quite a difficult factor to specifically quantify because it can be very difficult to determine, when you have fluctuations in the economic success of an organisation or otherwise, what the absolute specific matters that contributed to that economic success were. However, the anecdotal evidence is strong—and as we have heard from contributors to the committee today—that where integrity fails, if we look at it in the reverse, it injures an industry.

ACTING CHAIR: Sometimes catastrophically.

Mr Oestreich: Indeed. The racing industry is strongly contributed to by the wagering dollar. The wagering market is becoming increasingly populated, so people have more and more choice in the wagering market. We have seen examples in other sports where when integrity is questioned the wagering revenue is affected. It is certainly an important component of an industry's financial viability going forward.

ACTING CHAIR: I think there was so much concentrating on the cost of integrity that the high value of integrity was somewhat lost on some contributors.

Mr SORENSEN: One of the things is the cost of this commissioner. Who is the acting deputy commissioner now? What is it costing us now and what is it going to cost us in the future? I think that is what a lot of these people today are worried about

ACTING CHAIR: Member for Hervey Bay, what we are concentrating on is the Racing Integrity Bill 2015. The second part of the question was about deputy commissioners for the future. Is there any cost quantum set on their cost?

Mr SORENSEN: Who is the deputy commissioner now and—

Mr Oestreich: There is currently a part-time Racing Integrity Commissioner, who is Mr Jim O'Sullivan, the former police commissioner. I do not have the details available to me of Mr O'Sullivan's remuneration arrangements so I may have to take that question on notice.

ACTING CHAIR: We are looking at the Racing Integrity Bill 2015. That would be a question that perhaps should be put to the minister in the parliament, member for Hervey Bay.

Mr SORENSEN: What do you see as the future costs of this integrity commission in the future then?

Mr Oestreich: As I have mentioned before, the costs of the integrity commission are not dictated by this bill. The size and the scope of the Racing Integrity Commission is an operational decision for the executive government, and as such the question is best directed to the minister.

Mrs STUCKEY: We have already had a meeting, Wade, and I was very grateful for your help then. Given the fact that this bill is all about setting up an integrity commission with specific roles that are necessary and are going to be very important to set Queensland back on the path after losing its reputation for so long, I think it really is important that the costs are revealed. The government cannot on one hand say that there is a massive deficit and that it has been badly handled, and on the other hand not provide costs for an integrity commission. So again I will say that I want it on record that I think it is absolutely appalling that you are not able to provide costs now, but those costs were provided to me several months ago.

ACTING CHAIR: Duly noted. One of the other things that came up, and it may be outside the scope of the bill, is that people wanted to revisit the splitting of the three codes and the feeling that the greyhounds had dragged the thoroughbreds into a different issue. Do you have any comment on that?

Mr Oestreich: The only comment I think I can make is that it was certainly an issue that Mr MacSporran considered. I can reference my previous answer by saying that while the issues that were contained in the greyhound industry were the trigger for the events that led to the MacSporran Commission of Inquiry, Mr MacSporran acknowledged that the risk factors that led to that happening were present in harness racing and in thoroughbred racing so he recommended that the same treatment be applied to those sectors of the industry as well. Hence what we are coming to is taking the single organisation of Racing Queensland and splitting it into two separate organisations, being the Integrity Racing Commission and Racing Queensland, with its objective of focusing on growing and managing the racing industry.

ACTING CHAIR: That brings me to another issue. There was some considerable confusion amongst contributors about the idea of who managed the day-to-day racing and who had control and oversight over the integrity issues. For the record, would you like to make it clearer as to how you envisage the bill working?

Mr Oestreich: Certainly going forward Racing Queensland will retain the responsibility for setting race day calendars, setting prize money and the oversight and coordination of race clubs as it does now. This is an important element in ensuring that the industry functions well and functions strongly. It is worth noting that the Racing Act gives exclusive responsibility for setting prize money to Racing Queensland. It also specifically prohibits the minister from giving directions to the board around prize money. Those factors do not change in this bill. The bill does not deal with many of the comments that were raised about concerns around prize money because the frameworks that were in place before for setting prize money will continue under the proposed legislation should it be passed.

The Racing Integrity Commission will take on responsibility and will transfer responsibility for race day operations. So stewarding, judging, all of those matters that are about the application of the rules of racing will very much transition to the Racing Integrity Commission, as will the Racing Act integrity functions that the Office of Racing currently manages. They will transfer also to the new Racing Integrity Commission. The fundamental function of the officers that will be transferring from the Office of Racing to the Racing Integrity Commission will be very much focused on animal welfare. While much of the bill changes little in the way of what racing industry participants will see on a day-to-day basis, or certainly the rules that they need to operate within, the changes are very much about enhancing the capacity for the regulator to conduct compliance and to find examples of noncompliance and then deal with those.

The welfare is a central element of the bill, and a key change in the bill is to standardise the powers of authorised officers under the Racing Act under those of inspectors under the Animal Care and Protection Act. At the moment licensed animals under the Racing Act are not covered by the Animal Care and Protection Act. The Animal Care and Protection Act exempts licensed animals from its coverage, and this is of course the legislation that the RSPCA administers. The changes proposed to the act will standardise those powers in authorised officers, so what it effectively does is close the regulatory gap that currently exists. It will mean that a licensed animal will be given generally the same treatment as a horse which is owned by an ordinary landholder in terms of if the animal is being mistreated or if the animal is not being treated in a way that is consistent with animal welfare requirements.

It was necessary to maintain the separation in terms of not purely repeal the exemption of the Racing Act from the Animal Welfare Act because it allows certainly animal welfare issues to be dealt with in much greater specificity and to be more targeted than if they are dealt with under the broader animal welfare regime.

ACTING CHAIR: There were concerns raised by Mr Katter and others about country racing. Both sides of the House obviously strongly support country racing but want to maintain the integrity of country racing to build that confidence and to get crowds, because we know that that is an important driver. However, there were concerns about whether this new structure would implement new compliance measures which may be more difficult in those regional areas, whether there would be flexibility, or whether this legislation does not necessarily address that.

Mr Oestreich: Many of the matters that are related to cost impost or resourcing impost relate very much to how the bill is implemented. The bill itself does not really change the treatment very much—and I look to my colleagues here—around how integrity in country racing is managed at an

operational level, in terms of the bill says that a steward on a race day is a steward who is appointed by the commissioner. In the past the stewards were appointed by the control body to conduct those activities—so the stewards in country racing—whereas they were previously appointed by the control body, being Racing Queensland. In future it is proposed that they will be appointed by the integrity commission. The change is that they are part of a broader regulatory network. They are linked into the benefits that Mr MacSporran said would flow from the structural separation of integrity from the commercial arm.

In terms of matters relating to resourcing for prize money or for those sorts of matters, that is not addressed in the bill. The bill does not deal with those matters at all. It only does in the way that it carries across the provisions that say that that is the responsibility of Racing Queensland.

ACTING CHAIR: In defence of the commissioner, there was a suggestion that we have made it a more commercial rather than an altruistic framework. The legislation does not necessarily point in that direction, does it?

Mr Oestreich: In terms of the commissioner not being independent or in terms of the commissioner not considering the commercial—

ACTING CHAIR: Something led Mr Katter to consider that the new structure would be focused more purely on the commercial rather than the social aspects of country racing; is that fair to say?

Mr KATTER: Yes. Despite everyone's best intentions, I think everyone would accept the proposition that if someone does not have a direct involvement there is a likelihood they are not going to have the same—

ACTING CHAIR: I guess the alternative is that they have a big investment in city racing, but either way.

Mr KATTER: That is why I am saying we would like to see someone from country racing, be it ex officio or some sort of role on the board.

Mr SORENSEN: The question came up about putting the three football codes like Australian Rules, Rugby League and Rugby Union all under one umbrella. What sense is there in putting these three racing fraternities under one umbrella?

ACTING CHAIR: I did think about that. It was interesting to note that of course in the Essendon case they have been put under wider and even international bodies that govern both athletics and AFL. It is indeed exactly the case that there are integrity messages that go above all those codes, so I thought the analogy was not quite correct. Do you have any comment on that?

Mr Oestreich: Only to say that the proposed arrangements in terms of the three codes being managed together in many respects is a continuation of the existing arrangement that currently exists under Racing Queensland. The three codes are managed, both commercially and for integrity, by one entity.

Mr SORENSEN: Just under the board structure, not the integrity structure. The board is controlling the three identities.

Mr Oestreich: I can only say that this is a continuation of the policies of previous governments. The All Codes Board was established in 2013. There were no issues raised by Mr MacSporran in the report. Given that this bill is fundamentally about implementing the recommendations of the MacSporran report, Mr MacSporran did not raise issues around those matters so they have not been dealt with in this bill.

ACTING CHAIR: I thank the departmental officers for their attendance here. It now being almost one o'clock, we might draw it to a close. Thank you very much to all of the participants today and especially the staff who prepared so much of the material.

Committee adjourned at 12.58 pm