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SUBMISSION WITH RESPECT TO RACING INTEGRITY BILL 2015

1. The first eight (8) chapters of the Bill deal with and seek to implement the primary recommendations of Mr Alan MacSporran QC of his report of 1 June 2015 by the creation of a new statutory authority dedicated to Integrity and to operate separately from the authority (with separate board) with respect to the commerciality and administration of racing.
2. The report diagrammatically sets out the current structure and provisions thereunder in which can be seen the current inclusion of Integrity.
3. Page 134 of the report sets out same and those divisions Mr Alan MacSporran QC recommends be moved to the new statutory authority.
4. It is QROA's understanding that the Bill seeks to implement the recommendations save that the 'handicapping' requirements are not included in the new statutory authority powers.
5. QROA is mindful that Recommendation 1, with the creation of a new statutory authority, will reduce the financial burden of the control body while creating significant new costs and expenses to provide for and support the new authority.
6. QROA understands this recommendation and that it models others e.g. Legal Services Commission in exercising Integrity issues which were previously exercised by the Queensland Law Society.
7. In principle, QROA does not oppose Recommendation 1 save that:-
 - .1 Every attention be given to minimise the financial impact of such recommendation, upon funding generated by the control body by its commercial activities.
 - .2 The Queensland Government permanently financially support and bear the cost of administration of the new authority.
 - .3 If and when appropriate, further clarification is required, particularly with respect to machinery and administrative issues, QROA and other stakeholders be given the opportunity to make further submissions.

QROA are extremely concerned that the implementation of Recommendation 1 have negligible or no impact on prize money.

8. It is QROA's understanding that chapter nine (9) seeks to amend various Acts of Parliament in order to be sure that those other Acts are consistent with the Racing Integrity Bill if it becomes an Act of Parliament.
9. It is also QROA's understanding that this chapter seeks to implement, in particular Recommendation 2 of the report by Mr Alan MacSporran QC of 1 June 2015.
10. While QROA recognise, understand and appreciate Mr MacSporran's recommendation and intention to ensure the new racing board acts independently and without conflict of interest, nonetheless, it is submitted that the same purpose can be achieved by the implementation and use of other criteria.
11. It must be acknowledged that the three racing codes namely thoroughbred, harness and greyhound are simply and inherently different from each other and each provide its own separate uniqueness, history and practice.
12. Accordingly, QROA believe that each of the three codes should be controlled separately of each other. It may be that some mandatory requirements remain the same for all codes.
13. There is no reason why one code should suffer from inappropriate conduct of another.
14. More importantly, the intricacies, complexities and composition of racing and in particular the thoroughbred code is unique in that multiple different stakeholder groups form a nexus to create the racing product. A proper understanding necessitates that appropriate knowledge be had of persons making important decisions for its commerciality and administration. Otherwise, the probability is that there would be mistakes upon mistakes with the unfortunate consequence of those mistakes causing many participants financial loss and stress.
15. QROA do not object to the qualifications and experience in the various fields recommended by Mr MacSporran QC, however, the thoroughbred industry has countless persons with such qualifications.
16. Provided appropriate attention and scrutiny is given to appointments and there be proper accountability there is no reason why the substantial composition of the racing board be those persons with knowledge and experience in the industry.
17. QROA do not object to other members being appointed who are entirely independent of the racing industry.
18. The ratio recommended by Mr Alan MacSporran QC, with respect, is considered inappropriate and if the same number of members as recommended are to be implemented the proportion should be reversed.
19. The only reference to Recommendation 2 is found at paragraphs 832-837 (Pg. 135) of the Report. There is no in-depth explanation nor basis for the recommendation.

20. While QROA recognise that directors of public companies and other statutory bodies are independent of those corporations and bodies and same may be cited as an example to support Recommendation 2, and regarded as current “best practice” for board appointments, such argument fails to take into account:-
- .1 Intricacies of the racing industry not only within the State of Queensland but the Commonwealth of Australia.
 - .2 The legal obligation and responsibility, anyway, that board members have to act in good faith.
21. One must have regard for the essential driver of the racing product and that is *gambling*. As such it is open for abuse and manipulation. The racing product is achieved by the coming together of the below stakeholders:-
- .1 Owners
 - .2 Breeders
 - .3 Trainers
 - .4 Jockeys
 - .5 Wagering Groups
 - .6 Clubs
 - .7 Punters
22. The interaction between these groups and individuals is often finely balanced.
23. Board members making decisions about the racing industry must have an understanding of the complexities and fine balances between these groups and individuals. They must be cognisant of all facets and attuned to them.
24. This is not possible without firsthand experience. It cannot be obtained by the advice of others and textbook research.
25. The key to success of the racing product is to balance the competing interests in a fair and reasonable manner to create confidence in the participants.
26. The board directors must have an erudite judgement and understanding. This cannot be garnished by having qualifications and skills in law, accounting, management, marketing etc. alone. All of these skills are required but must be in addition to experience and knowledge of racing.
27. Control bodies known as Principal Racing Authority (PRA) in each State and Territory of the Commonwealth of Australia are shareholders in Racing Australia (RA) the governing body for Thoroughbred Racing in the Commonwealth of Australia.
28. The respective shareholding value is as follows:-
- .1 NSW 35%

.2	Victoria	35%
.3	Queensland	18%
.4	South Australia	4 ½%
.5	Western Australia	4 ½%
.6	Tasmania	1
.7	ACT	1
.8	Northern Territory	1

29. PRAs provide one representative to RA and each representative has a 'weighted' vote commiserate with its shareholding interest.
30. The importance of New South Wales, Vitoria and Queensland, having 88% say, between them, is extremely significant. Queensland's high percentage is important when New South Wales and Victoria are in disagreement and in other cases.
31. Board members of New South Wales and Victoria PRAs do not have the imposition as recommended by Mr MacSporran QC. Rather, people like Chairman of New South Wales PRA Mr John Massara and Mr David Moodie Chairman of Victoria PRA (both of whom having held those positions for some considerable time) have and continue to have interests in the racing industry.
32. Whatsmore, both gentlemen are extremely well regarded, are formidable, and have a wealth of knowledge and understanding of the racing industry.
33. The Queensland PRA appointee to RA must, therefore, have a capacity to properly understand and be acquainted with all issues and be able to communicate and deal with their responsibilities when acting as Queensland representative in RA.
34. To not have such a person would simply diminish and dilute the state of Queensland's power and participation in the national racing authority.
35. An example of a recent issue considered and produced by RA is the Security for Training System (SFTS) as part of a compulsory agreement between owners and trainers containing an obligation for owners to provide security to trainers for payment of fees and trainers to properly provide reporting with respect to horses to their owners.
36. The consideration, research, drafting, advice and implementation thereof provided a finely tuned balance between stakeholders and protection of interests of such stakeholders.
37. Same could only be achieved by people who have the understanding of the racing industry as aforementioned who also happen to be people with the skill and experience in law, accounting, business and marketing.

38. The thoroughbred racing industry, once thought of as the domain of wealthy people owning and racing horses has expanded significantly over the last two decades and more to include and allow ordinary people to participate in ownership by means of syndications. There are excellent examples and wonderful stories of people enjoying the thrill and excitement of racing a horse and one very recent example is the case of a horse called 'Brazen Beau' whose feats are well known within the industry and worldwide and owned by such persons.
39. By virtue of the reasons provided earlier as to risks and vulnerability of participants by the very nature of the racing product, RA, is also seeking currently to consider rights, responsibilities and protection of such participants.
40. Again, as is the case with the SFTS, this document needs to be a finely balanced one and, again, cannot come into existence without the involvement of persons with the intricate in-depth understanding of racing as aforesaid.
41. QROA does not cavil with the existence of danger of conflict of interest in the appointment of board members that have a personal or related 'interest' in racing. There is no basis nor justification for Mr MacSporran's arbitrary requirement that "members... should not have had ownership interest in racehorses or racing greyhounds for a minimum of two years". Rather, there should be different more refined and more detailed criteria allowing persons to be board members while still preserving protection against conflict of interest.
42. One such criteria, as exists in New South Wales, prohibits board members from having been board members of racing clubs for two years prior to appointment, is one example.
43. Further criteria may well be that, prior to appointment, persons divest themselves of any ownership or interest in racehorses or greyhounds, studs or service providers to the racing industry.
44. Furthermore, there must be explicit protocols and practices prohibiting their involvement by way of gambling on such animals.
45. There may well be other restrictions and of course there needs to be scrutiny and enforcement.
46. In conclusion, it is submitted that the product of racing thoroughbred horses is so uniquely special and important that it is essential that board members have the experience, skills, knowledge and understanding of racing.

Vincent Pennisi
President
QROA



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