




Speech By
Hon. Grace Grace

MEMBER FOR BRISBANE CENTRAL

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RACING INTEGRITY BILL

Second Reading

 **Hon. G GRACE** (Brisbane Central—ALP) (Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs) (10.52 pm): I move—

That the bill be now read a second time.

I wish to thank the Agriculture and Environment Committee for its consideration of the Racing Integrity Bill 2015. I note the committee tabled its report on the bill on 15 March 2016. I table a copy of the government's response to that report.

Tabled paper: Agriculture and Environment Committee: Report No. 15—Racing Integrity Bill 2015, government response [\[545\]](#).

The greyhound live-baiting scandal showed that Queensland's previous racing integrity regime had failed. It could not prevent sickening acts of animal cruelty in the greyhound racing industry that so outraged Queenslanders and it could not prevent other suspected illegal activities in the wider racing industry. The MacSporran commission of inquiry into greyhound live baiting exposed a litany of serious deficiencies in Racing Queensland's integrity regime. It found that these deficiencies created an environment that was ripe for the emergence of serious animal cruelty and integrity challenges. Three of the most alarming examples concerning the previous Racing Queensland integrity regime are contained in MacSporran's report. For example, the position of general manager, stewarding and integrity operation—that is, the person charged with overseeing integrity in racing—did not have a role profile. Let me repeat that: the most senior integrity officer in the racing industry had no official job description. It gets worse: nowhere in the role description for the Racing Queensland CEO was there a carving out of responsibility for integrity or risks that affect the Queensland racing industry. This is found at paragraph 506 of the report. Perhaps most alarmingly of all, not one cent of the additional \$17 million which was allocated to increased prize money in 2014-15 was allocated to initiatives associated with animal welfare, integrity management or risk management. This is found at paragraph 577.

What we saw was a clear breakdown in the racing industry's integrity regime in the lead-up to the greyhound live-baiting scandal. This breakdown damaged arguably the most precious commodity the racing industry has: public confidence. That is why we introduced this bill: to restore the public confidence that had been lost in our racing industry. I congratulate the previous minister, the current police minister and member for Rockhampton, on the work undertaken in delivering this bill to the House.

The bill was introduced following a review of Queensland's greyhound racing industry carried out by Alan MacSporran QC and conducted under the Commissions of Inquiry Act. The review was prompted by the airing of the ABC *Four Corners* program in February 2015. This harrowing program exposed shocking incidents of live baiting and alleged widespread cheating and illegal practices in the greyhound racing industry across Queensland, Victoria and New South Wales. These abhorrent

practices shocked Queenslanders to the core. Given that the future of Queensland's racing industry was at stake, we recognised that conducting business as usual simply was not an option. We understood that an inquiry was necessary to get to the bottom of how these abuses went undetected. At the time those opposite supported the inquiry. When the inquiry was established the member for Currumbin said—

The LNP supports any action to end the abhorrent practice of live baiting exposed within the greyhound racing industry.

The member for Currumbin went on to say—

Queenslanders have been sickened by what they have seen and are demanding changes.

The Racing Integrity Bill we are debating will deliver the changes Queenslanders have demanded. I say this to those opposite: forget about cheap political pointscore and support this bill. Doing nothing is not an option. The commission was charged to review a number of important aspects of the racing industry. These included assessment of the effectiveness of the current Queensland racing industry in managing breaches of the Racing Act 2002 and other relevant acts. While the commission was prompted by events in the greyhound racing industry, it was not limited or constrained from examining issues across the three codes of racing.

The final report prepared by Mr Alan MacSporran QC was delivered to the Premier and Minister for the Arts in June 2015. The report, prepared with input from 78 organisations throughout Queensland and hundreds of submissions, found that the current system of self-regulation had failed to ensure integrity in the industry, safeguard animal welfare and maintain public confidence. It found that the current self-regulation approach was inherently conflicted and failed. It found there was a consistent tension existing in Racing Queensland's business between its commercial interests on the one hand and animal welfare and integrity interests on the other. This led to the alarming situation whereby integrity and animal welfare risks were not being adequately assessed or managed. This tension created a culture of permissiveness around some of these issues, with live baiting of greyhounds being the clearest example. While the commission's report stated that there was no evidence of the practice of live baiting being widespread, there was a culture of turning a blind eye in the industry that allowed it to happen. While the focus of the review was on greyhounds, the commission's report stated, and I met with Mr MacSporran, that the current culture created a high-risk environment for animal welfare or integrity abuses and it recommended a change.

The commission report recommended an alternative model for the governance of Queensland's racing industry, one where the commercial and integrity aspects of the racing industry are completely separated. The Racing Integrity Bill seeks to create a new integrity and animal welfare regulator called the Queensland Racing Integrity Commission, or QRIC. QRIC will consolidate and strengthen the animal welfare and integrity functions currently sitting with Racing Queensland and the Department of National Parks, Sport and Racing. It will be responsible for regulating racing industry participants under the rules of racing and the future integrity act which will be created on commencement of this bill. QRIC's functions will include race day stewarding, investigating breaches of the rules of racing, and non-race day inspections of racing animals. Those functions will also include the testing of animals and participants for banned substances and licensing industry participants, including jockeys, trainers, owners and bookmakers.

QRIC will be led by a full-time commissioner who will have even stronger powers of investigation than those that exist under the current arrangements, where we have a part-time commissioner with no powers, no staff and no resources to do the job that is required. Ross Barnett, one of Queensland's most respected and decorated police officers, has been named the commissioner designate of QRIC. I look forward to him continuing in that role with the passage of this bill. QRIC will enjoy significantly enhanced powers to those currently vested in the part-time Racing Integrity Commissioner under the existing Racing Act. The bill also seeks to provide standardised powers for QRIC's authorised officers that are in line with the powers of authorised officers and inspectors under other Queensland legislation, such as the Animal Care and Protection Act 2001. This will ensure that authorised officers of QRIC have the powers they need to enforce high standards of welfare in the racing industry.

With its integrity and animal welfare functions transferred to QRIC, Racing Queensland will operate under a revised Racing Act 2002 and will focus on the commercial operations of the racing industry. Racing Queensland will be free to focus on its core activities of setting race calendars and prize money, marketing and industry development, and growth. It will continue its oversight role of the management of racing clubs and venues. Truly effective maintenance of integrity in any sport by separating regulation from the commercial side of running the business makes good sense. Why should the commercial arm of the racing industry spend its time and resources on policing the sport when there is a new cop on the beat to fulfil that function?

I assure honourable members that the new arrangements that this bill will introduce will create minimal disruption to industry participants and the racing public. They will not affect the running of race meetings or the day-to-day operations of the industry. The focus of the reforms is to ensure compliance with the rules of racing and giving QRIC the powers it needs to do so. Those opposite have expressed repeated concerns about the cost of QRIC. They have sought to undermine confidence by suggesting that our proposed reforms are unaffordable. Nothing can be further from the truth and I simply say that we cannot afford not to pass this bill.

In accordance with the commission of inquiry's final report, QRIC will be staffed by personnel transferred from Racing Queensland, the Department of National Parks, Sport and Racing and some new positions. These integrity functions will be transferred to QRIC along with the funding already associated with those functions. The funding being contributed by those organisations equates to the estimated cost those organisations would have incurred if they had continued to deliver those services themselves. I make it very clear that the additional costs associated with establishing QRIC will be met by the state government and not by the racing industry. The racing industry will not be out of pocket as a result of QRIC's establishment. In fact, it will be slightly better off.

Racing Queensland is not expected to transfer all of the corporate resources associated with its welfare and integrity business. Racing Queensland is not being asked to transfer the welfare and integrity share of funding for costs such as corporate services, staff, IT costs or accommodation, as it normally would in a standard machinery-of-government change. Those costs are being covered by the Queensland government. If that funding and resourcing had been transferred from Racing Queensland to the new QRIC, Racing Queensland would have to re-establish some portion of those functions to return to normal operating capacity. That would have resulted in additional costs that Racing Queensland could not currently afford.

Further, the Queensland government has waived the financial obligation on Racing Queensland to transfer the cash funding behind the employee entitlements of transferring staff. As a result, Racing Queensland staff are being transferred to QRIC without any funding for their accrued leave entitlements. That risk is borne by the state, which is another saving for the industry. In the next financial year, the total contribution to be made by RQ in round figures is \$14.75 million. That is what it would normally cost to deliver those services. The Department of National Parks, Sport and Racing will contribute around \$1.2 million. The state government intends to provide the additional funding QRIC requires over and above the current welfare and integrity budget, at least for the next four years to the 2019-20 financial year. For the 2016-17 financial year, the government has budgeted around \$8.9 million of additional funding for QRIC, as well as a waiver of \$1.2 million towards the unfunded leave entitlement liability for staff transferring from Racing Queensland. That \$8.9 million in funding will continue over the forward estimates with CPI increases.

The funds cover the additional costs associated with creating a stand-alone integrity commission and include, in round figures, \$1 million for accommodation and basic utilities; \$1.2 million for information technology; \$1.5 million for staff migrating to Public Service award rates; \$1.2 million for corporate management positions, such as the new Integrity Commissioner, a deputy commissioner and executive support, which currently they do not have; \$1.75 million for corporate services staff and systems to provide services such as payroll, finance, purchasing and day-to-day administration, as well as a raft of corporate compliance required for any statutory bodies, such as maintaining ethical standards, public transparency and accountability, internal and external audits, complaints management and right to information inquiries; \$0.4 million to cover the costs of the police task force going forward; \$0.1 million for fatigue management, which was not provided for by RQ in its current employee arrangements; \$1.5 million for corporate operating costs, being legal, marketing, motor vehicles, office expenses, most of which is insurance, internet and telecommunications, training and development, travel and accommodation; and \$0.2 million to cover depreciation funding. None of the costs associated with this important new measure are being imposed on Racing Queensland or the racing industry. The split as set out between the Queensland government and the Racing Queensland contributions to QRIC is projected to continue over the forward estimates, with only CPI increases year on year. I say to those opposite: if the cost of running QRIC is members' only concern, then they have no reason to oppose this bill.

In addition to the improvement of racing integrity functions, the bill also changes the role and structure of the Racing Queensland Board. The bill confirms Racing Queensland's role as a statutory control body for the three existing codes of racing. However, Racing Queensland will now be able to focus solely on the commercial aspects of racing, in particular growing the size and profitability of the industry and ensuring that racing clubs and venues are well managed. I cannot think of a person better qualified to do that job than the interim Racing Queensland chair, Steve Wilson. Steve Wilson brings a wealth of business and corporate experience to the role and is a very proud Queenslanders. Steve

Wilson was also a successful thoroughbred breeding syndicate member and horse owner. His appointment has been widely welcomed by the racing industry. His commercial skills will be crucial in ensuring Racing Queensland harnesses the wagering revenue upon which our racing industry is so heavily reliant.

The betting and wagering market has evolved rapidly from a localised industry into one of the most globalised and competitive industries in the world. To maximise its wagering revenues and financial returns to the industry, Racing Queensland has to get better at navigating that ultracompetitive and increasingly complex environment. Accordingly, the bill provides for a new seven-member structure for the Racing Queensland Board that more strongly reflects its role, which is envisaged to be a purely commercial one. The current all-codes board has two independents and three representatives from the racing industry, being the chairs of the control boards for each code of racing. Thoroughbred, harness and greyhound codes will continue to be represented on the board, with the number of independents doubling to four, including an independent chair. It will also assist in bringing a range of skills to bear that are necessary for good corporate governance and commercial growth, such as legal and business development acumen. That is consistent with best practice principles of corporate governance and it is also recommended practice by the ASX.

I do want to stress one thing. The independent board appointees are not barred from having racing industry experience. Nothing could be further from the truth. I want to clear up the confusion that appears to exist on this matter in parts of the racing industry. Independent members of the Racing Queensland board cannot have had any direct industry involvement in the last two years. However, that is not to say that the independents cannot have any previous racing industry experience, just like the current independent chair. Indeed, it would be considered an advantage. To ensure they are capable of giving the most independent advice possible, no independent can have any official industry role for the two years prior to their appointment. If it is good enough for us, I believe, it is good enough for the Racing Queensland board.

Many of the key provisions of the Racing Act that govern Racing Queensland's commercial and operational roles will remain untouched. Racing Queensland will maintain its unique role in running the three existing codes of racing and its relationship with Ubet. Importantly, the requirement for Racing Queensland to allocate a percentage of its Ubet revenue towards prize money for country racing will remain unchanged.

I would like to make it very clear for the benefit of the House that the reforms included in this bill are very separate from the Racing Queensland Tracking Towards Sustainability plan. Please do not confuse the two. This plan was developed by Racing Queensland in response to significant operating losses and the depletion of cash reserves that occurred under previous boards. The plan includes a wide range of measures to reverse those losses, including adjustments to prize money which had previously been growing at an unsustainable level.

In some cases prize money increased by upwards of 50 per cent under the previous Racing Queensland board. This was clearly unsustainable. I do want to stress, however, that there will be no cuts to country racing prize money. The Palaszczuk government has stepped up to provide a \$21 million country racing support package to support country racing and build capacity in the regions. This means that country racing prize money levels will be maintained for at least two years from 1 July this year.

Those opposite have been running a concerted campaign to sow fear and confusion about country racing prize money, but there are no cuts and the existing purses will remain untouched. What we hope is that Racing Queensland will concentrate on the commercial, marketing and growing of the industry so that we can continue those levels of prize money well into the future. That has to be the aim of Racing Queensland.

The decisions that Racing Queensland has made as part of Tracking Towards Sustainability have been made independently. They have been taken to tackle Racing Queensland's current financial situation and are in no way impacted by this bill. As minister, I am barred under the current Racing Act from giving a direction—and I know the member for Buderim knows this—to Racing Queensland on the setting of prize money or the racing calendar. This independence is maintained under these reforms.

I will turn to the report of the Agriculture and Environment Committee and address the matters contained within it. The committee unfortunately could not agree on whether the bill should be passed, but made eight recommendations to enhance the bill and also sought clarification on several points.

The committee's first recommendation was that the Department of National Parks, Sport and Racing conduct further consultation with racing industry stakeholders on the implementation of the bill and on the development of regulations. The department is conducting consultation on a regular basis

and of course will continue to do so. More importantly, this government proposes to carry out a review of the implementation of these reforms within 12 months of commencement to identify and respond to any issues. This review will include consultation with the racing industry and other stakeholders.

This 12-month review will also address the committee's seventh recommendation relating to examination of the Animal Care and Protection Act 2001 to determine whether amendments should be made to enhance animal welfare in the racing industry. This aspect of the review will be conducted cooperatively with the Department of Agriculture and Fisheries, which is responsible for the Animal Care and Protection Act.

I have already addressed the committee's second recommendation to outline the costs of establishing the new QRIC. I will address the remainder of the recommendations. The committee's fourth recommendation was that QRIC's education function be broadened to include education about animal welfare and the prevention of cruelty and to include the role of providing training to industry participants.

The government partially supports this recommendation and agrees that the bill should be amended to make it explicit that QRIC's education role includes education about animal welfare and prevention of animal cruelty. An amendment is proposed to section 10 to reflect this recommendation. In fact, except for this recommendation, all of the recommendations of the committee are supported fully. This one is supported in part.

The government believes that formal training of industry participants is best done by Racing Queensland—it has a registered training organisation—with input from QRIC to ensure that the content is accurate and it delivers the outcome sought by the committee. As a result, the government proposes to amend the provisions that specify the functions of Racing Queensland to reflect its role in the training of industry participants.

The government fully supports recommendations 5, 6 and 8 made by the committee and will move amendments to the bill accordingly. These amendments will further exclude the minister's direct involvement with QRIC's disciplinary work by prohibiting the minister from giving QRIC a directive about a decision made under the rules of racing. They will exclude racing clubs from having executive officers that have prior convictions for animal cruelty. They will also amend the rights of appeals about race information authorities to prevent appeals by sports betting corporations about certain aspects of their licensing agreements that would best be resolved through commercial negotiations with Racing Queensland.

The committee also sought clarification on a number of points. Information has been provided around these points in the government's response as tabled. That response clarifies the details of the eligibility criteria for certain staff to be appointed as commissioners or deputy commissioners of QRIC. It also provides further information about the controls in place to ensure that the cost of QRIC to government and industry is minimised. Finally, it provides clarification and assurances around the capability of QRIC to manage internal reviews. The costs in relation to QRIC are at the upper end so we make sure that we cover all of the possible costs that could be incurred.

I will also be moving a number of amendments to the bill to deal with issues that I have become aware of during consultation on the bill. Unfortunately—and I apologise for this—there are 137 amendments to the bill. Of these, 95 amendments stem from two key changes that are largely administrative in nature. The first of these is a proposal to provide a simplified process for the way that racing bookmakers are approved to operate in Queensland. These are good changes.

Under the bill as tabled a racing bookmaker is required to apply for an eligibility certificate from the gaming executive in the Department of Justice and Attorney-General and a racing bookmakers licence from the Racing Integrity Commission. This two-part approval is similar to the system in place under the existing framework in the Racing Act 2002. The proposed change will remove the requirement for bookmakers to obtain both an eligibility certificate and a bookmakers licence and will combine the criteria for eligibility certificates with the criteria for bookmakers licences so that a bookmaker need only obtain one approval from the commission to conduct bookmaking in Queensland.

These amendments will provide a streamlined approach for people seeking approval to become licensed bookmakers as these matters will be handled by the one agency, the commission. I should stress that this change does not alter the requirements that must be met in order to lawfully carry out bookmaking in Queensland.

While this change does not make any changes to standards or requirements, it does result, unfortunately, in a large number of relatively small and specific amendments throughout the bill, to give it effect. Most of these are to remove redundant references to eligibility certificates or to amend sections

to change references from 'eligibility certificates' to 'bookmaker's licence' and from 'gaming executive' to 'the Racing Integrity Commission'. While I welcome discussion of the amendments as they are moved, I would remind the House that most of the amendments are a relatively small part of the streamlining change.

The second of the changes that have led to a large number of amendments is a change that has occurred as a result of my discussions with industry since becoming Minister for Racing. The bill, as tabled, had proposed to transition all responsibility for licensing of the racing industry from Racing Queensland to the new Racing Integrity Commission. This licensing responsibility covers participants like jockeys and trainers as well as animals, but it also covered clubs and venues. However, the licensing of clubs and venues is an important part of defining the commercial and operational relationship between Racing Queensland and its many clubs and venues and is very different from the integrity and welfare oversight that the new commission will do. After talking to industry about this issue, it was identified that the licensing of clubs and venues would be better to remain with Racing Queensland and continue to be dealt with under the Racing Act. This amendment to the bill actually maintains the status quo for the licensing of clubs and venues that is in place right now in the Queensland racing industry—and I believe it is the right move.

As with eligibility certificates, this relatively simple change results in a large number of specific individual amendments to the bill that was tabled. These amendments remove the references to licensing of clubs and venues throughout the proposed Racing Integrity Act and reinserts the framework and powers for licensing of clubs and venues into the amendments to the amended Racing Act. While these changes are quite detailed and numerous, they are actually part of a proposal to maintain the current framework for licensing of clubs and venues.

The sport of racing in Queensland has a long and proud history. It is one of Queensland's biggest industries, supporting thousands of jobs throughout the state and providing valuable social opportunities in metropolitan, rural and regional areas. In the short time that I have been racing minister, I have visited many of these areas. But there are clear threats to the continued viability of the racing industry unless the highest possible standards of integrity and animal welfare and public confidence are maintained. That is the clear lesson of the greyhound live-baiting scandal and the MacSporran commission of inquiry.

If we are serious about improving animal integrity, animal welfare, integrity and maintaining public confidence, there is no reason that this bill should not be supported by those opposite. We also need to do everything possible to ensure that the racing industry is strong enough to adapt and thrive in a highly competitive wagering and entertainment market. This government believes that the provisions and measures included in this bill are the best way to provide for a vibrant and profitable industry well into the future. I commend the bill to the House.