

# AN INDUSTRY GOING TO THE DOGS – PRODUCT VIABILITY, RESOURCE SUSTAINABILITY – GREYHOUND RACING AND ANIMAL RIGHTS

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## ABSTRACT

This case explores issues of unethical behaviour in the sports industry, and the consequences associated with long standing practices of illegal activity, participant welfare, cheating, cruelty, and conspiracy to conceal or cover up such matters. The matters also relate to denial, guilt, punishment, admission and remorse that impact on and are impacted by a multiplicity of stakeholders, including single issue or rights groups, the media, regulatory bodies, politicians and state legislators.

**Keywords:** Ethics, Stakeholders, Governance, Sport, Racing, Animal Welfare

## INTRODUCTION

The case examines cheating in the racing industry, breaches of animal rights, harm to animal welfare, cruelty, the breaching of sport- and industry-specific competition rules, and matters of procedural, retributive and distributive justice arising from governance structures beset with role conflict. Thus the case can be used to explore the interface of sport, ethics and governance and extend it to the broader context of organizational moral ethos, reputational damage, crisis and industry survival. The case provides opportunity to exercise a spectrum of cognitive skills. The case emphasises the importance of stakeholder analysis and evolution of stakeholder influence through qualitative stakeholder dynamics. As such, it allows use of multiple frameworks attributed to Cressey [11], Freeman [15], Haidt [17] [18], Mitchell et al. [22], Kohlberg [19] [20] and Badaracco [6] to examine stakeholder-related issues of governance and ethics. In particular, it provides opportunity to examine stakeholder characteristics and attributes that influence organisational responses to issues of reputational damage, risk and crisis [7], that confront sports and business organisations, regulatory and governing bodies of sport.

## THE FOUR CORNERS LIVE-BAITING EXPOSÉ

On Monday evening of 16 February 2015, the world changed for the racing industry, in general, and the greyhound racing industry, in particular. Australia's ABC network broadcast a *Four Corners* investigative report exposing the practice of 'live-baiting' by greyhound trainers [2] [3].

Live-baiting, aka 'live lure training' in the US [10], is a practice whereby live animals, for example, piglets, possums, rabbits etc. [21], are tied or strapped as lures on a miniature 'sky train' which speeds around the inner perimeter of greyhound racing's oval tracks, to excite the greyhounds into pursuit as a form of exercise or training that will improve a dog's racing performance. However, live-baiting is illegal in Australia and many other jurisdictions, it constitutes a criminal act, and is considered to be an act of cheating.

The *Four Corners* report provided evidence, as video footage [2] [3] [21], of widespread use of live-baiting by trainers in private trial or training tracks; and of collusion with licensed race track operators to do so. At least 70 people, across the states of Queensland, New South Wales and Victoria were implicated, including high profile, successful and prolific trainers and pre-trainers, a former racing steward, and a greyhound racing club president.

The governing regulatory bodies – Greyhound Racing NSW (GRNSW), Greyhound Racing Victoria (GRV) and Greyhound Racing Queensland (GRQ) – were shown the report in the days before it was broadcast. Their immediate collective reaction was to suspend a total of 20 trainers, owners and track operators.

GRQ also announced a \$1m taskforce to combat live-baiting and other allegations of animal cruelty. GRV set up a counselling hotline to support those affected emotionally by the allegations (ABC, 2015), and GRV CEO, Adam Wallish, immediately contacted GRV's stakeholders, owners and trainers by email, informing them of the report:

*"Make no mistake. This story will be explosive, emotive and extremely damaging to the future of this sport in Australia. As a group of people that love the greyhound breed we should all be shocked and outraged by the allegations in the story and prepared to fight the small minority that continue to partake in such practices jeopardising the future of the sport and indeed the future of the breed itself."*

*You will be emotional, you might be angry. Don't be angry at those that attack us, .... Be angry at those within the sport that are doing the wrong thing and undermining the values for which we stand. This is a testing one for all ... in the industry and we need to stay resolute in our desire to exceed social standards and public expectations. The future of the sport and the wonderful greyhound breed necessitates it."*

Almost coincidentally, a few days before the exposé, on 11 February 2015, the *American Society for the Prevention of Cruelty to Animals* (ASPCA) [5] and the Greyhound-protection group *GREY2K USA Worldwide* released their first-ever national report on the greyhound racing industry in the United States [10]. The extensive Cook report, covering the period 2008-2015, traversed broader industry territory but also similar issues to the *Four Corners* report. The Cook report brought to light the inhumane treatment of greyhounds, lives of confinement, serious injuries (11,722 in 2008-2015), racing-related deaths (909), euthanasia by electrocution, shooting and "throat-slashings" of redundant racers, routine cruelty and neglect (27), animal doping (cocaine, 16), poor diet, unsafe tracks, and unsuitable transportation practices. The report suggested that whilst ineffective self-regulation had failed to prevent multiple episodes of unethical behaviour from happening, many of the episodes that had surfaced, had nevertheless become subject to a host of disciplinary hearings and rulings (2,200) etc. Phil Holden, Chief Executive of Greyhound Racing New Zealand (GRNZ) was more than an interested bystander; he was pondering how those US and *Four Corners*' revelations might impact the racing industry in the United States and Australia. More pertinently, he was wondering whether and how the revelations and the reactions to them might spill over to New Zealand!

## **GREYHOUND RACING – A DECLINING INDUSTRY**

### **Greyhound Racing in New Zealand**

Greyhound racing has taken place in NZ for over a century, brought to the country by immigrants from the United Kingdom (UK). It now operates under the auspices of the New Zealand Greyhound Racing Association Inc. (NZGRA), trading as Greyhound Racing New Zealand (GRNZ) (NZ Govt, 2009). A predecessor, the National Coursing Association (NCA) was established in 1908 as a body of greyhound racing clubs seeking to foster their common interests, and to boost low public interest in the sport [9]. Coursing, itself, was banned in New Zealand in 1954 on account of issues with animal cruelty, and especially the use of live-baiting or live animal lures.

As in Australia and the US, interest in greyhound racing grew with associated opportunities to gamble or bet on race outcomes, first, on-track with Government controlled *equalisator* betting in 1971; off-track *totalisator* betting in 1981; and also with the introduction of the Trackside TV channel providing simulcast broadcasting in 1992.

*"Racetrack fans go to the track to bet –*

*watching a ... race is just not that much fun if you do not have a rooting interest."* [37]

However, despite the GRNZ only having 10 greyhound racing clubs, racing on just seven tracks, serving a population of 4m people, greyhound racing accounted for almost a half (42%) of races in NZ in 2012, more than the individual equine racing codes of thoroughbred (29%) and harness racing (29%).

Despite the seemingly small number of race meetings, averaging just 8 per week in 2012, GRNZ sanctioned meetings generated betting revenue of NZ\$217.9m, collected directly by NZ's Department of Internal Affairs. GRNZ's share of this betting revenue, together with subscriptions and other income, amounted to \$19.7m.

The wider racing industry, embracing the three racing codes, is governed by the New Zealand Racing Board (NZRB) in accordance with the Racing Act 2003 [27]. In effect, the NZRB acts the liaison between the codes and the Minister for Racing. The NZRB is required to provide governance and oversight across the industry, including the NZGRA, and does so through "approval of the annual NZGRA statement of intent and business plan" [9].

### **Greyhound Racing in the Australian States**

In 2013, the NSW Government authorised a NSW Government Select Committee inquiry into Greyhound Racing in NSW [23]. Launched on 13 August 2013, and headed by the Hon Robert Borsak MP, the Select Committee found that whilst the greyhound racing industry had a proud history in NSW, and was once considered the premier greyhound racing state in the country. The Borsak report stated that:

*"... in recent years the industry has seen declining numbers of participants, with Victoria emerging as the industry leader."*

Its major finding, related to the then current structure and sources of revenue, was that:

*"the greyhound racing industry in New South Wales may be unsustainable."*

It concluded that not only did returns to trainers and owners not cover costs,

“which leads to the loss of quality dogs to Victoria and elsewhere, a reduced number of industry participants and contributes to making existing clubs and tracks unviable.”

... but that the management and operational model within the industry needed substantial review and restructure.

The Borsak Committee also noted that, over time, the role of government in the Australian greyhound racing industry had changed from one of direct regulatory oversight to one of providing a legislative framework in which an independent board operates, that is, one of industry self-regulation.

The NSW Government [24] was highly supportive of the Borsak Committee’s recommendations to improve the management and operational structures; and to strengthen regulatory provisions for improved standards and integrity [26] (See Appendix 3). The recommendations also required attention be paid to various dimensions of animal welfare, especially in terms of how welfare was impacted by breeding regimes, the retirement and socialisation of greyhounds, kennel facilities and practices etc.

### **Greyhound Racing in General**

The common picture associated with greyhound racing across the world has been one of an industry in general decline – market and economic: declining race activities or product, declining resource - greyhounds and owners; declining spectators and followers; declining gambling and other revenues; and declining profits [38].

In NZ, GRNZ acts in much the same way as GRV, GRNSW and GRQ in Australia, to govern, regulate and promote the sport and industry of greyhound racing. In the Americas, there are equivalent national or State bodies, but also an industry-wide body which exists as an Association of Racing Commissioners International (ARCI), for regulators of horse and greyhound racing, with responsibilities to promote the racing industry, to establish and share good practice, create communality in rules and rulings etc. However, whilst the ARCI and its members collaborate with each other, and with other racing industry organizations, it is, in effect, a not-for-profit trade association with no regulatory authority over its members. Indeed, it is the ARCI members who possess regulatory authority within their own jurisdictions and who solely determine whether or not to adopt ARCI recommendations on policies and rules. Over time, however, the ARCI has sought to develop a common approach to good practice and programs that beneficially impact the sport. Some that have positively impacted the integrity of the sport, include, for example, protocols for the licensing of owner/trainer participants and the operation of drug-testing in the industry. However, in hindsight, such activities have had a focus more on the integrity of racing performance and wagering, rather than, say, a focus on animal welfare and societal perceptions and attitudes towards greyhound and horse racing and its practices.

By contrast, there had been considerable change in societal perceptions and the acceptability of greyhound racing and associated industry practices. For a period spanning 50 years, racing had been beset by allegations and widespread media coverage relating to the same inhumane treatment of animals as were revealed in the *Four Corners* exposé (2015) and Cook’s Report [10]. US TV programmes like *Inside Edition* and *National Geographic Explorer*, and reputable nationwide print media including the *New York Times*, *Life*, *Reader’s Digest* and *Ladies’ Home Journal* have broken many stories and featured full-length articles on the cruelty of dog racing, inappropriate breeding regimes, and the euthanasia of unwanted racers on commercial grounds etc.

Such revelations have, overtime, spawned multi-pronged responses within the industry, and from a variety of industry stakeholders. They had included not only the formation by the National Greyhound Association (NGA) of the *American Greyhound Council* (AGC) in 1987, with a purpose to establish an inspection system for racing and breeding kennels, and to promote the adoption of ex-racers through its *Greyhound Pets of America* group; but also to engage in damage control to the industry. Ongoing revelations also led to the emergence of a spectrum of related animal rights and activist groups, such as the *Greyhound Rescue Association* (1986) and other greyhound adoption groups such as *USA Defenders of Greyhounds* (1988), the *National Greyhound Adoption Program* (1989), *Greyhound Friends for Life* (1991), *Retired Greyhounds as Pets* (1992), and the *Greyhound Companions of New Mexico* (1993).

In NZ, GRNZ, already sensitive to such wider concerns, had announced in October 2012, the launch of an Independent Welfare Review of the industry – which commenced in January 2013 [9] [16]. In addition, the founder and self-appointed spokesperson for the *Greyhound Protection League of New Zealand*, Aaron Cross, and the *National Animal Welfare Advisory Council* (NAWAC), both pursued the cause of animal rights and greyhound welfare. In fact, Cross petitioned the NZ Parliament in February 2013 [29] requesting an inquiry into the injuries and outcomes for greyhounds in the New Zealand racing industry, and that the inquiry be made public

A NZ Government Administration Committee (Select Committee) responded to the Cross petition with a series of diverse and positive recommendations [30] (summarised in Appendix 2B), aimed at improving animal welfare, addressing over-breeding and the inappropriate 'retirement of greyhounds'. The recommendations included greater cooperation between agencies such as GRNZ and the Racing Integrity Unit (RAI); the establishment of a database of greyhounds, tracking their identity and their location from registration until death; and the development of standards relating to the use of animals in greyhound racing, the practice of euthanasia etc.

### **DEJA VUE - PHIL HOLDEN'S QUANDARY**

Phil Holden, as CEO of Greyhound Racing New Zealand (GRNZ), would have had cause to ponder again on the recommendations of the 2013 NZ Government Select Committee, and their communality with the issues and matters being experienced in the US and Australia in early 2015. He would have wondered whether there were further lessons for the GRNZ to learn about the growing public concerns for animal welfare, the decline of interest in greyhound racing, in general, the decline in betting revenues, and the impact and relevance of a drop in tax revenues, in particular. He also needed to ponder on the relevance to NZ greyhound racing of how Australian stakeholders were responding to the *Four Corners* exposé.

### **THE IMMEDIATE AFTERMATH OF THE EXPOSÉ**

#### **Response of the Politicians**

##### **Victoria**

Following the *Four Corners* revelations, 17 trainers from Victoria were **immediately** suspended by Greyhound Racing Victoria (GRV). Within two days of the exposé, the Victoria Racing Integrity Commissioner, Sal Perna, announced, that an agreement had been reached with the Victorian Minister for Racing, Martin Pakula, to launch an *Own Motion Inquiry*, which would investigate systemic issues within the racing industry [8] [31]. In particular, the aim of the inquiry was to investigate the integrity of the greyhound racing industry, in its many forms, and any failure of the racing industry's governing body and its agencies to identify criminal activity and widespread cruelty. Commissioner Perna [32] said the exposé of live-baiting had come as a shock to him and his colleagues.

*"I've certainly not seen anything like this before,"*

*"Like anyone else who has seen the footage, I was sickened and angry at what I saw."*

*"I hold the racing industry in high regard and questions over the integrity of racing must not be left unanswered."*

Perna expressed concerns that it had taken an animal welfare group and a television program to unearth what he referred to as criminal activity, before his Commission could [13].

*"It is a worry. In my own view, the culture of the industry is good. I have been involved for five years now and we have had just one anonymous call and complaint on live-baiting in that time."*

*"There have been a lot of improvements made across the three racing codes over the past five years, but if there are things that need to be fixed, we will fix them."*

*"The questions I ask are: How widespread is this? Should they have known? Did they know?"*

At the same time, the Victorian Minister for Agriculture, Jaala Pulford, commissioned a report by Chief Veterinary Officer, Dr Charles Milne, to identify and examine measures to improve animal welfare within the industry. The Victorian Government also announced an allocation of up to \$3m from the Victorian Racing Infrastructure Fund to boost GRV's animal welfare and integrity measures. The funding facilitated increases in greyhound welfare compliance/education officers (2 to 6); in the frequency of inspection of trainers' premises; resources for GRV's Investigations Unit - an extra investigator, a dedicated trial track steward to inspect and monitor the 15 private trial tracks registered with GRV; and introduction of surveillance technology to aid detection and prosecution.

##### **Queensland**

**Within two weeks** of the *Four Corners* exposé, the Queensland Minister for Sport and Racing had initiated a three-month System Review into the regulation of the Queensland Greyhound Racing Industry, later be released in June 2015 as the MacSporrán Report.

## **New South Wales (NSW)**

**Three months subsequent** to the *Four Corners* exposé of live-baiting practices and animal cruelty, the Hon Michael McHugh AC QC was appointed by the NSW Governor on 6 May 2015 to report on the *Greyhound Racing Industry in NSW*. However, any hope for a quick conclusion faded with the sheer volume of evidence presented to the Commission – resulting in an unfortunate delay to 16 June 2016. By contrast, the Perna and MacSporran reports were delivered in June 2016.

The McHugh inquiry [25] followed (as stated above) a previous NSW Government Select Committee inquiry into Greyhound Racing in NSW, launched on 13 August 2013 [23], and headed by the Hon Robert Borsak MP.

Not only had the Borsak Select Committee previously commented that:

*“the greyhound racing industry in New South Wales may be unsustainable.”*

... but that the management and operational model under which the industry operated was in need of substantial review and restructure – a finding accepted by the NSW Government [24].

At that time, the NSW Government had been supportive of Borsak’s recommendations to strengthen regulatory provisions for improved standards and integrity. However, in this respect, whilst Borsak’s recommendations required attention be paid to various dimensions of animal welfare, especially in terms of how welfare was impacted by breeding regimes, the retirement and socialisation of greyhounds, kennel facilities etc., the matter of live-baiting was not a matter examined or surfaced by Borsak [26] (See Appendix 3). The McHugh inquiry was expected to address these matters, but could not do so, in as timely fashion as the Perna and MacSporran inquiries.

## **RELEASE OF THE SPECIAL COMMISSION OF INQUIRY REPORTS VICTORIA (the Perna Report) & QUEENSLAND (The MacSporran Report) - JUNE 2015**

### **Victoria – The Perna Report**

By the time that Perna’s report (2015) was released on 11 June 2015, 17 trainers from Victoria had been suspended by Greyhound Racing Victoria (GRV). One of those had been found guilty by the Racing Appeals and Disciplinary Board, and at the time, the other 16 were awaiting disciplinary hearings.

The objective of Perna’s inquiry had been to uncover whether live-baiting was isolated to just one site, Tooradin, or manifest as a systemic issue within the industry; whether it was known about by GRV; whether there was any evidence to suggest GRV officials had tried to cover up the issue; whether the powers of GRV in relation to governance controls were adequate; and whether the *Rules of Racing* addressed animal welfare issues adequately. Despite Perna concluding that there was no direct evidence about the widespread practice of live-baiting, and that he could not conclude that live-baiting had been systemic, he was neither confident that the practice was confined to one group of participants in Victoria. Instead, he concluded that he was satisfied that:

*“Live-baiting is well-known and occurs within the greyhound racing industry in Victoria.”*

However, Perna also concluded that GRV had believed the issue of live-baiting was isolated and therefore had not placed a large focus on it, instead devoting their animal welfare attention to the dogs themselves, rather than the animals alleged to have been used as live-bait lures.

*“I am not convinced that GRV considered it to be anything but isolated and therefore the issue, or the risk of it occurring, was afforded only minimal attention.”*

Perna also stated that, although GRV admitted that they should have known that live-baiting was occurring,

*“I am not in receipt of any evidence of GRV staff ‘covering up, or being complicit in live-baiting or acting corruptly.”*

However, Perna had expressed concerns about industry-wide perceptions of conflicts of interest involving GRV staff who were responsible for ‘policing’ because he believed such perceptions led to:

*“distrust of GRV staff by industry participants.”*

His unease also related to the reticence of participants to report issues such as live-baiting, and that the lack of trust was the cause of complaints regarding favourable treatment of registered persons with GRV connections. His view was that:

*“until such time that the GRV Board addresses this issue, industry confidence in GRV will be affected.”*

Releasing the report, Perna’s commitment to eradicate live-baiting “forever”, was complemented by Minister for Racing, Martin Pakula, unequivocal statement that:

*“A practice as barbaric as live-baiting has no place in Victoria’s greyhound racing industry - full stop.”* [12]

Perna’s key recommendations to the Minister (See Appendix 4) related to the need and requirement for more

formal cooperation between animal welfare groups to promote the exchange of information on alleged incidents of, say, animal cruelty; the setting up of a single regulatory authority responsible for the integrity of all racing codes; and improved governance arrangements including the appointment of independent members with appropriate skills, and individuals with a background in animal welfare. In addition, the Perna report recommended that there should be a review of the GRV management structures that would address potential conflicts of interest in regards to the staff at GRV, and for an appointments process that would reduce the possibility of conflicts of interest.

Dr Charles Milne's report for Minister for Agriculture, Jaala Pulford, set out 50 recommendations relating to the need for improved animal welfare measures within the greyhound racing industry. He also emphasised the requirement for better information within the industry. He called for better information on breeding within the industry and better processes to ensure that greyhound kennels and tracks meet fitness and health standards. In this respect, Milne recommended that all premises involved in greyhound breeding, rearing, breaking-in, 'bullrings', boarding, and training should be registered and monitored by GRV.

He, too, recommended the tracking of greyhounds throughout their life cycle, and especially that *Local Rules* be modified to require all greyhound deaths be reported to GRV, with carcasses to be disposed only when permission has been given. This would allow GRV to undertake autopsies, when and if required; to examine the cause of death; and to ensure greyhounds are not being disposed of inappropriately.

### **The Response of the Victoria Government**

Minister for Racing, Pakula, and the Victorian Government pledged to take swift action to crack down on live-baiting in the greyhound racing industry adopting the full suite of integrity and welfare measures proposed in the Perna and Milne Reports. An immediate action of the Victorian Government was to appoint a former CEO of the British Horseracing Authority and CEO of New Zealand Thoroughbred Racing, Paul Bittar, to develop a new set of processes or integrity framework, not just for greyhound racing, but for all three racing codes, and to report back to Victorian Government by March 2016. Pakula said:

*"An independent integrity regime is not just inevitable for Victorian racing, it's necessary!*

*That's why I've appointed Bittar to steer the path forward for a new integrity model across all three codes."*

Pakula restated a commitment that all recommendations put to Government would be accepted. He also said the Government would support the GRV as it worked through the practical implications of the recommendations.

In addition, the Victorian Government committed to increase fines and penalties for live-baiters with reclassified and/or strengthened offences under the *Prevention of Cruelty to Animals Act 1986 (POCTA)*; to introduce a new offence under *POCTA* for being present at a place where live-baiting is occurring; to bolster the powers of inspectors, making it easier for them to enter premises and share information with law enforcement agencies and animal welfare groups; to strengthen governance structures, representation and processes for the Board of GRV, and the Appeals and Disciplinary Tribunals of the racing codes; and to mandate reporting of animal welfare breaches to relevant authorities such as Victoria Police and the RSPCA. The Government also determined to undertake a review of the implementation of recommendations within two years.

### **The Industry Response**

Outgoing GRV Chairman, Ray Gunston said that GRV would accept the recommendations and continue to work with the government, the industry and its participants, and other stakeholders

*"to ensure that necessary and appropriate changes are implemented to secure the future of the industry."*

He said that, to ensure the industry prospered into the future, it was vital that:

*"the entire greyhound racing community accept the need for change"*

... and that this would mean full compliance with 'well researched and clearly understood integrity and welfare standards.' He said the 'environment' allowed: 'this shameful act' to occur and go undetected, and that more work needed to be done "to prevent and/or detect such barbaric behaviours." He also confirmed that GRV was committed to strengthening its operations and animal welfare and integrity standards across the Victorian greyhound racing industry.

### **Response of the Animal Rights Groups**

Victorian Greens spokeswoman for animal welfare, Sue Pennicuik, said it was important that GRV be stripped of its regulatory responsibilities, given what she described as a conflict of interest (Davey, 2015).

*"Greyhound Racing Victoria cannot be left responsible for regulating an industry which it also promotes."*

*"The government's response to the most recent revelations of live-baiting has been completely inadequate."*

*Leaving GRV to self-regulate the toxic mix of animals, gambling and prize purses will result in more cruelty."*

### **Queensland – The MacSporran Report**

As indicated above, the Queensland Minister for Sport and Racing had initiated a three-month *System Review into the regulation of the Queensland Greyhound Racing Industry (Systems Review)*, within two weeks of the *Four Corners* exposé. The appointed Commissioner, Alan MacSporran QC reported on time on 1 June 2015 [33]. A list of his unequivocal findings is set out in Appendix 5. In brief, his findings span a broad range of issues related to individual behaviour, on the one hand, and the effectiveness of regulatory and governance mechanisms, on the other hand. MacSporran reported that:

*"that 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."*

MacSporran also referred to *"the archaic and barbaric practice of live-baiting"*, and that individuals had:

*"... let the entire industry down and have treated the public with disdain".*

MacSporran reiterated that it would be naïve in the extreme, to conclude that the practice is not widespread, and that the fact that it had happened at all was a sad reflection on the state of the greyhound racing industry. He concluded that the practice of live-baiting could not be engaged in without the acquiescence of many, who, even if not involved, may have chosen to ignore the cruelty or turn a blind eye, thus creating a sense that those engaged in unethical behaviour could continue their practices with impunity. He had formed a view that:

*"this culture must change if public confidence is to be restored."*

*"... and that industry participants must be seen to have proper regard for integrity and animal welfare issues."*

MacSporran's Commission was also satisfied that the system of self-regulation for the wider racing industry, embodied in the Racing Queensland (RQ) authority, had not only failed to ensure integrity across the industry, but failed to safeguard animal welfare. In part, this had been due to a failure to develop a systems view and an overall strategy to deal with any risk to integrity and animal welfare across **all** three codes of racing. He commented on the systemic nature of such failure, and how RQ's obligations were compromised by the conflict of interest inherent in having oversight and control of the commercial and integrity aspects of the business.

His recommendations thus also sought to address the need for an improved governance and regulatory framework; the need to put in place protocols to address integrity failure and to improve animal welfare; and the need *"to restore public confidence"* in the Queensland greyhound racing industry.

As such, the Commission recommended that a new statutory authority (the *Queensland Racing Integrity Commission – QRIC*) be created which would be dedicated to ensuring the integrity of the whole Queensland racing industry; that it be headed by the full time statutory position of a *Racing Integrity Commissioner (RIC)*; and that the new QRIC should replace the existing racing boards. In particular, he recommended that the QRIC should represent the State; should have the investigative, intelligence and surveillance powers of a police taskforce; and that the RIC should report directly to the Minister responsible for administering the Racing Act.

MacSporran said that the creation of the QRIC, in itself, would be insufficient, and it would still be far too simplistic to think public confidence will automatically increase:

*"a restoration of public confidence is very unlikely"*

*if citizens are regularly confronted with integrity or criminal violations by those involved in the industry."*

In specifying the need for a separation of governance and management functions, MacSporran suggested that the QRIC should be distinct from a control body which would focus on the commercial operations of the industry, and should be a single control body for all three codes of racing - thoroughbred, harness and greyhound racing.

He made further recommendations on board structure and membership – that members be independently appointed; and on the backgrounds and skills that members should bring to the board. In addition, he made specific recommendations for ensuring the reporting of breaches of the criminal code, the Racing Act (2009) [28], and the rules of racing etc; and then for sharing information of such breaches between the different racing bodies, such as the QRIC, government agencies, such as the QPS, and animal welfare groups such as the RSPCA, ALQ.

Further information-sharing recommendations related to the creation of a database - for tracking greyhounds from birth to death or leaving the industry, including the documentation of injuries, euthanasia - and also for making a such database publically accessible. Moreover, MacSporran's Commission recommended that the breeding incentive program, known as *QGreys*, be discontinued and that the funding for that that program be redirected to

the *Greyhound Adoption Program* (GAP) or similar animal welfare initiative.

### **The Response of the Queensland Government**

On receipt of the MacSporrán report, the Queensland government stood down the chief executive of *Racing Queensland* (RQ), whom the MacSporrán enquiry found had “*routinely ignored*” requests by *Animal Liberation Queensland* (ALQ) to act on evidence of widespread live-baiting and inhumane killings of thousands of unwanted dogs. Queensland Premier Anastacia Palaszczuk announced that all boards overseeing the racing industry shared responsibility in RQ’s failure and would be abolished, including the *Queensland Greyhound* racing board [34].

### **Response of the Animal Rights Groups**

ALQ president Chay Neal, said that the MacSporrán report did not sufficiently address their biggest concern:

*"and that's the killing of healthy dogs by the thousands every year."*

*"The estimate is that some 18,000 dogs are killed around Australia every year because of greyhound racing."*

*"There has been too much focus on restoring public confidence (in the industry)*

*... and not enough focus on stopping these serious animal welfare issues."*

## **THE TASK**

You’ve been brought in to advise the GRNZ CEO, Phil Holden about securing the future of Greyhound Racing in New Zealand. Phil is aware of the political and public reaction to animal welfare and animal rights issues that have surfaced in Australia following the February 2015 *Four Corners* exposé on Australia’s ABC network, of animal abuse and cruelty, and of similar issues raised in the 2015 Cook Report on the US greyhound industry. Phil is also aware of the campaigns by various animal rights groups in the US, Australia and New Zealand, not just to prevent such abuse and to stop the practice of euthanizing injured and otherwise redundant greyhounds, but to effect a complete ban on greyhound racing. Phil understands that the revelations and political responses could develop into a crisis for GRNZ if the animal rights campaigns align with public and political sentiments and damage an industry whose life-cycle shows signs of decline.

### **Part A – The *Four Corners* exposé, an Industry Going to the Dogs**

It’s March 2015. Phil would like your input to better assess GRNZ’s vulnerabilities and capabilities in the current situation, and in order to decide how best to respond to other possible scenarios. He wonders whether developing a crisis management framework and completing a formal stakeholder analysis would provide additional insight. He would also value some input to craft a media and communications strategy that would correct any misperceptions of the NZ industry engaging in similar practices to their Australian counterparts.

You will need to consider related matters of governance, management and operations. You will need to consider issues of governance, regulation and self-regulation – perhaps separating issues of promotion, control and regulation of greyhound racing as an industry having commercial interests, from other issues relating to the welfare and integrity of the sport, of the racing and wagering industry, and of participants – human and animal.

As such, he’d also like your input on how to address the matter of *wastage* – a euphemism for euthanasia - finding a way of dealing with dogs deemed to be surplus to the requirements of the racing industry – either through alternative approaches to breeding to avoid the over-production of greyhounds, and/or to the humane retirement of dogs to new owners outside of the industry, when they pass their use-by date or fail perceived quality standards.

You might address what may be GRNZ’s responsibilities to promote ethical behaviour amongst owners and trainers producing and delivering its major product – greyhound racing; and then to develop an industry or organisational ethos supportive of such behaviour.

You have recognised that the industry now has a diverse set of *de facto* stakeholders broader than ever, with a broader set of changing stakes, interests and influence on how the industry behaves, and what it chooses to do. You’ve considered, like others, introducing an ethics education program. But you’ve been advised to ensure that in making a case for such a program that you need to build a convincing argument using the findings of an in-depth stakeholder analysis to better understand stakeholder interests, attributes and characteristics.

In short, you need to persuade the doubters within the industry that a spectrum of stakeholders, with different interests and levels of influence, is likely to be affected by, and react in different ways, to ethical breaches such as those revealed in the *Four Corners* exposé – and that this means you need to take account of emotional responses as well as other rational economic responses.

You've also taken on board advice to ensure that industry players should understand how moral values and moral emotions can shape behaviour; and that such players, as owners, trainers and racetrack owners, should also develop an ability to better understand and distinguish between the interests and moral actions exhibited by stakeholders, including animal rights activists, sponsors and the media.

It has also been suggested that owners/trainers, in particular, be sensitised to how unthinking choices and short-sighted actions and practices can lead to a slippery slope escalating continuation of those practices - so that understanding the consequences of those initial actions is important – not just for themselves, but for the sport and the racing industry.

Finally, in getting a change program off the ground, you know that GRNZ has to understand how its own initiatives contribute to wider proposals being considered and developed by government, regulators and the animal rights groups; and that if GRNZ was to put a new ethical code in place, it would need to understand how its authority to act and how its area of jurisdiction complement those of other governance groups in the industry. The base analysis that has been agreed upon is set out more fully in the following section! Best of luck!

## EPILOGUE

### THE NSW SPECIAL COMMISSION OF INQUIRY REPORT - JUNE 2016 THE MCHUGH REPORT AND THE NSW GOVERNMENT RESPONSE

#### NSW

The McHugh Special Commission of Inquiry (SCI) into the Greyhound Racing Industry in NSW reported on 16 June 2016 [25] [26] (See Appendix 6). The commission recommended two options for the Government:

- Option 1 (Rec. 1) – no longer permit greyhound racing and close down the industry.
- Option 2 (Rec. 2-80) – maintain the industry and undertake reforms to improve transparency and governance and reduce the level of greyhound deaths.

McHugh's key findings on which these options were based, related to different aspects of animal welfare: over-breeding and wastage/euthanasia; animal deaths injuries whilst racing or training; the existence and extent of live-baiting; and also to market and industry viability. For example, McHugh had found that of the 97,783 greyhounds bred in the previous 12 years, an estimated "wastage" rate of 50 to 70% suggested that almost 50k dogs were killed because they were deemed uncompetitive.

McHugh also noted that deaths and injuries whilst racing or training went unreported to GRNSW even in the period following the *Four Corners* exposé in February 2015, and during the conduct of the SCI in May 2016. Evidence presented to McHugh also suggested that GRNSW knew about live-baiting practices, but did nothing about it. As context, the report also noted the steady global decline of greyhound racing, to the extent that it operates commercially in only eight countries - the largest being the declining US market.

Much like MacSporran in Queensland, McHugh, in NSW, presented his findings in unequivocal fashion.

*"The Commission's view is that, despite the best intention and efforts of the new management at GRNSW, it appears unlikely that the issue of the large scale killing of healthy greyhounds by the industry can be addressed successfully in the future."*

*"This is an industry whose members have not only condoned but have participated in the mass slaughter of tens of thousands of healthy greyhounds simply because they no longer are, or never were, able to compete against other dogs."*

*"It is an industry where many trainers appear to prefer cheap and sometimes painful methods of treating greyhound injuries instead of using the services of qualified veterinary surgeons."*

*"The Commission finds that GRNSW engaged in the conduct knowingly and with the intention of sanitising the information that became available to the public concerning injuries suffered by greyhounds."*

*The motive for the policy was the hope that, by doing so, substantial criticism of the greyhound racing industry in NSW could be avoided."*

*"Given ... the highly entrenched nature of live-baiting as a traditional training method, there is a very real risk that, once the harsh spotlight of this Commission is removed from the industry, the practice of live-baiting will thrive once more."*

*It is imperative that regulators take all available steps to try to ensure that this does not occur. That said, as history suggests, there is reason for pessimism on this front."*

The NSW Government's response was equally unequivocal [25] [26] (See Appendix 6). On 10 August, 2016, the Government decided to shut down the greyhound racing industry in NSW [1]. In justification, the NSW Government stated that the protection of animal welfare, humane treatment and minimisation of animal deaths was its priority, and that it would engage RSPCA NSW to advise on the implementation of the recommendations. However, it acknowledged that it would also need to assist those stakeholders who "make a living: from the industry, including gambling and wagering operators.

### Response of the Animal Rights Groups

GPLNZ spokesman Aaron Cross was delighted that greyhound racing had been outlawed in New South Wales.

*"I'm so overwhelmed and happy. I've been in tears thinking it was all a big prank.  
It's super-huge news. I'm totally stoked."*

RSPCA NSW CEO Steve Coleman (2016) stated that:

*"RSPCA NSW is ecstatic that the NSW government ... will ban greyhound racing in NSW.  
It is a decision that places the welfare of greyhounds and other innocent animals  
who have been subjected to cruelty by this industry,  
as the paramount consideration over and above financial interests."*

## THE TASK

### Part B – A New Game – The NSW Government bans Greyhound Racing

It's July 2016, and following a year-long *Special Commission of Inquiry into the Greyhound Racing Industry* in NSW, prompted by the *Four Corners* exposé, the NSW government has decided to ban greyhound racing! The shockwaves reverberating around the greyhound racing world have reached New Zealand. Phil Holden has called on you to reconsider possible new threats to the industry in NZ. You need to provide Phil with an updated analysis and some additional options.

A Teaching Guide with full set of Appendices may be obtained from the author.

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