

## STATEMENT OF REID PATON SANDERS

10 SEPTEMBER 2013

ON 10 September 2013, I, Reid Paton Sanders of [REDACTED] in the state of New South Wales, Integrity Manager of Harness Racing New South Wales, say on oath:

### Introduction

#### Employment History

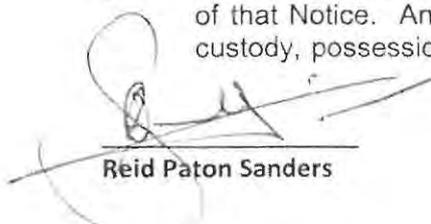
- 1 I am employed by Harness Racing New South Wales (HRNSW) in the position of Manager-Integrity and Chairman of Stewards. I have been employed by HRNSW since 1 August 2011.
- 2 During the period August 2009 and March 2011 I was employed as the Director of Racing and Chief Stipendiary Steward with Macau Jockey Club.
- 3 From February 2009 until August 2009, I was employed by New Zealand Thoroughbred Racing as Integrity Manager/Chairman of Stewards.

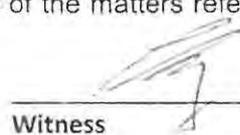
#### Employment with Racing Qld Limited

- 4 From December 2005 until January 2009 I was employed by Queensland Racing Limited (QRL) in the position as Chief Stipendiary Steward.
- 5 During that time I was in charge of the day to day operations of the Stewards panel, integrity matters and matters involving training and racetrack issues. Those responsibilities were defined in my original contract, and the Role Profile described in that document. I have not retained that.
- 6 Otherwise I was given instructions (which often exceeded those defined in my Role Profile) from time to time. They were usually given to me verbally, by Mr Andrew Hedges, my direct report. Mr Hedges role was as Director, Integrity Operations. The other way I would be assigned tasks was from the Board directly. That would either come from the Chairman, usually in a face to face conversation, or otherwise occasionally by telephone call. We did use email then but as I recall the Chairman did not usually email me. Sometimes instructions would come during the course of board meetings.

#### Requirement to Make Statement and Produce Documents

- 7 I make this statement in response to a requirement to produce documents and provide statement issued by the Commissioner dated 2 September 2013.
- 8 I make the following statement, without access to any files kept and or maintained by me during my employment at QRL. All files and documents that related to any QRL business were left by me at the offices of QRL, Deagon upon my departure in 2009. I have not had any access to these files since.
- 9 I therefore do not have custody or control of any documents referred to in Schedule B of that Notice. Any documents which I have ever had and from time to time in my custody, possession or control, relating to any of the matters referred to in Schedule

  
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A, or the Commission's Terms of Reference, would only have been available to me in the course of my employment by QRL. To the best of my knowledge and belief any such documents would remain in the possession, custody or control of Racing Queensland. Where in this statement I refer to the existence of a document, I no longer have custody or control of that document.

#### Background to installation of Cushion Track

- 10 At some time prior to the installation of the synthetic track at Caloundra, I was asked to look generally at the benefits of such surfaces, and if such surface would give a benefit to the thoroughbred industry in Queensland. I can't specifically recall if this was done during a full Board meeting, or during a conversation with the CEO or Chairman. I would expect, based on the usual nature of the manner in which I usually received instructions of that type, that it most likely came from a conversation with the Chairman following a full Board meeting. I can't recall if the instructions were ever confirmed in writing or by email. I cannot be specific about what month or even year this all occurred. However, this became a major project that came to represent a substantial aspect of my duties as an employee of Racing Queensland.
- 11 I was of the understanding that there were a number of reasons for such investigation/research.
- (a) That Queensland was in the midst of a drought, and some tracks were under very strict water restriction which was affecting their tracks, both training and racing.
  - (b) That the quality of many training tracks was substandard, and many industry stakeholders had raised concerns about this;
  - (c) The benefits to horse welfare; and
  - (d) The ability to conduct more meetings of these tracks and therefore generate additional income.

I recall writing several memos and papers on this topic and these were reasons which regularly arose as reasons for considering the possibility of synthetic tracks.

- 12 I would have opened a file at or around the time of receiving the instructions. I recall that I opened a number of files in relation to the various synthetic tracks and related issues which arose. I recall that when I left the employment of QRL there was a box of those files in my office behind my desk. Without access to those files or notes it is difficult to be precise in my recollections in this statement.

#### Details of research and investigations into synthetic racetracks

- 13 I commenced my initial research by reviewing opinions of others in Australia and around the world. There were many articles available over the internet. I also conducted many meetings, and had telephone and face to face conversations with a wide range of leading industry experts. These included discussions with race course managers including Mr Warren Williams. He was the racecourse manager at Brisbane Turf Club. He was highly regarded in the field, and was on the executive of the Racecourse Managers Association. I spoke to people like this all over the world.

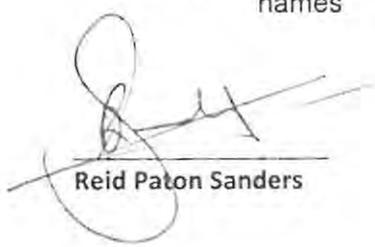
  
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- 14 I recall being introduced to a Mr Kim Elliott whom was the CEO of Pronin Group, which at the time I understood was the agent for the United Kingdom synthetic track manufacture Polytrack. We had discussions about the synthetic surfaces and benefits involved. The Board and senior management of QRL also visited the privately owned training centre called Wadham Park, at Canungra to view and watch horses work on the synthetic training surface installed at that property. This took place early in the research phase of the project. We visited that track because it was the only synthetic training track in Queensland at the time. This synthetic track was manufactured by an Australian company called Proride Pty Ltd. I also spoke with and met Mr Pearce whom was the CEO of this company.
- 15 At the same time as I was undertaking these investigations, my direct report, Mr Andrew Hedges, was preparing a paper on the cost benefits and water savings associated with synthetic surfaces being installed. I believe this paper was being prepared for government. I had an office next to Mr Hedges and talked to him on a regular basis. I would have become aware of his project by discussing it with him on more than one occasion. I believe I read drafts of his report before it was finalised. I believe I specifically provided him with information I had obtained during my research for consideration and use in his report.
- 16 Myself, Mr Paul Brennan and Mr Bob Bentley also travelled to Canberra to inspect the synthetic track already installed at Canberra. During that visit we also watched horses train on the surface and also spoke with both riders and trainers about how the surface was performing. The reports from my recollection where positive. The surface at Canberra was a Thorotrack.

#### Reporting to Board

- 17 I cannot recall when, but I am certainly aware that QRL issued an expression of interest document regarding the installation of a synthetic surface for Caloundra. It was sent to known suppliers of synthetic surfaces in the world at that time. I believe that I sent that document myself. I don't; have a specific recollection, but my usual practice (and indeed that of other members of staff at the time) would have been to have worked collaboratively in preparing a document of that nature. It would also have been likely that the document was presented to the Board for approval before it was sent. I would also expect that Shara Murray, the QRL legal counsel, may have had some input into the document. I expect that Mr Hedges would also have contributed to it.
- 18 From recollection I believe expressions were subsequently received from the following manufacturers of synthetic tracks:
- (a) Equestrian Surfaces
  - (b) Pronin Group (Polytrack)
  - (c) Proride
  - (d) Visoride
  - (e) I believe there may have been one or two others, but I cannot recall their names

  
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- 19 The content of these expressions were all inserted into a matrix document which was prepared by Mr Hedges and worked on by myself over a period of weeks or months. The matrix document would have been created at around the time that the submissions were received from the manufacturers. The purpose of the document, as I understood it, was to be able to present all of the information about the competing tenders to the Board, which would be making the ultimate decision on which supplier to use. Mr Hedges and I would also use the document in developing our own opinions about the best manufacturer.
- 20 This matrix was a spreadsheet which measured the expressions of interest against each other. The type of criteria which were listed included items such as cost, thickness of material, warranty, and number of installations worldwide. The matrix then ranked them in order. I believe that the Cushion Track and the Polytrack were the top two ranked providers. I cannot recall whether the matrix document was shown to the Board progressively by way of updating reports. I believe that the matrix was presented to the Board in final form when their decision was to be made although I do not specifically recall it. I do recall that I made a recommendation to the Board. I believe, but cannot recall, that my recommendation was the highest ranked candidate according to the matrix. My recommendation was Equestrian Surfaces.

#### Overseas trips to United Kingdom and United States

- 21 I cannot recall when but I did travel to the United Kingdom (England) to inspect synthetic tracks, speak with trainers and others whom used the surfaces. I travelled to England via Singapore with Mr Bob Bentley and Sunshine Coast Turf Club, track manager Mr Murray Weeding. Mr Tony Hammer also came to England, but I don't believe he travel on the same flight to Singapore, but was on the same flight from Singapore to London. Once we were in London Mr Bill Ludwig meet the group at our hotel.
- 22 As a group we visited private training centres and had meetings with both Equestrian Surface and Mr Martin Collins the manufacture of the Polytrack. We also visited Lingfield during a race meeting and saw the Polytrack being raced upon. From memory we visited the following places:
- (a) Trainer Jon Jon O'Neil private training centre
  - (b) Trainer James Given private training centre
  - (c) Lingfield Racecourse
  - (d) Newmarket both racecourse and training grounds
- 23 The investigations in England where very positive for synthetic tracks. There were a number of synthetic tracks installed at the Newmarket training centre, and the trainers whom we spoke to were all supportive, including Sir Michael Stout. The private training centres of Jon Jon O'Neil and James Given both had installed Cushion Track to the best of my recollection. They were also positive about the synthetic surfaces.
- 24 We looked at a number of different installations of both the Polytrack and the Cushion Track. I recall one thing that stuck in my mind, was that the Polytrack at Lingfield and one of the training tracks at Newmarket had jelly cable through it. The other Polytrack were different in there make up.

  
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- 25 Sometime in June 2007 (I believe that to be the year – I am more certain of the month because it was during the Queensland winter carnival) I travelled to California with Mr Bob Bentley to view the synthetic tracks at Hollywood Park and Santa Anita. I recall sometime prior to arranging this rushed trip that Mr Bentley had strongly suggested travelling there because some stakeholders had expressed some reservations with the synthetic tracks operating in the warmer weather. During this trip, which I believe only lasted around 2 days, we visited and met Hollywood Park management including the race course manager; attended a race meeting conducted on the synthetic track; and visited trackwork the next day. Again all of the reports from the horseman and officials were positive about the synthetic surface. We also visited Santa Anita and viewed the track there. I cannot recall if the Cushion Track was installed at that time or about to be installed.

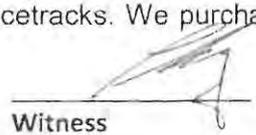
#### Appointment of Equestrian Services

- 26 I don't recall being given an express explanation of the reasons for the Board's resolution recorded in the minutes of 25 May 2007. However, based on my participation in that meeting, and the ongoing reports I made to the Board, and information contained in the matrix document, as well as the recommendation which I made to the Board, I believe that the Board would have based its decision on what it perceived as the superior ranking of the tender made by Equestrian Services. The Board was provided with data which enabled it to measure different indicators. From memory I believe that they probably received the matrix document. If not, they would certainly have been provided with an explanation of its content. To the best of my recollection some of the key reasons that Equestrian Services presented as the most attractive option included cost in overall construction, the consistency of material, superior after sales service agreement, and warranty of product.
- 27 At some stage I was advised by management of QRL that they had appointed a Project Manager to oversee the installation of the synthetic track at the Sunshine Coast. This person was Mr Martin Waters from Arben Management. I believe he was based in Sydney and I had never met him prior to his appointment as project manager. To the best of my recollection Mr Waters also undertook an assessment of the expressions of interest from the synthetic suppliers.
- 28 QRL also received expressions of interest to provide the Civil Construction required for the Sunshine Coast project. I cannot recall how many estimates were received or dealt with. I believe Arben management recommended and appointed the designers, engineers and civil contractors.
- 29 I cannot recall the timing of the multiple phases of the project – that is the civil construction tendering; the drawing and design work; the logistics; and the tender process. It is likely that there was a degree of overlap of these phases.

#### Consultant Fee of \$100,000

- 30 I note from the QRL Board minutes provided that the Board approved an expenditure of \$100,000 for independent consultants. I cannot recall what that was for, however I do recall that we sent samples of the synthetic materials to a University. This was arranged by Mr Andrew Hedges. I can also recall having to engage someone to conduct research into environmental issues. I believe we also purchased a Clegg Hammer, which is a measuring device to measure impact and hardness of the synthetic surface. It can be used on a variety of surfaces including playground equipment, grass, and, relevantly synthetic racetracks. We purchased that because

  
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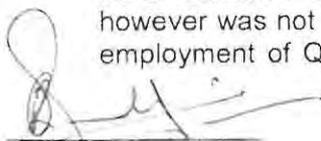
we wanted to be able to measure the consistency of the surface in varying weather conditions. I can't remember how much the Cleg Hammer cost.

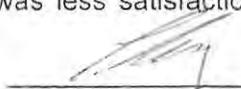
#### Installation and construction issues

- 31 During the installation phase of the synthetic track at Caloundra, I was regularly visiting the site and conducting inspections and meetings with the contractor and project manager as a representative of QRL. Sometime during the construction process Arben Managements services were terminated by QRL, and as a result I was required to take on a more active role during the construction. Contour Engineers had been appointed by Arben Management as designers and independent engineers on the project to protect the investment of QRL. Contour Engineers had completed the design and spec drawings for the Sunshine Coast Project. Prior to them being engaged by Arden, I had no dealings with them. As a result of the departure of Arben Management, I required Contours to take a more active role in assisting me. After the base had been prepared and during the laying of the drainage base, it was discovered that the rock used was soft and breaking up. This could have broken down over time and caused silt to form, thereby blocking the herringbone drains installed. After discussing this issue with others, I determined that the drainage layer which had already been installed needed to be removed and replaced. I made this decision to ensure that the drainage layer would not fail. We also had an obligation to Equestrian Surface to take such steps in line with warranty conditions. I cannot recall any other issues that occurred during the construction. I recall that the budget for this entire project was around \$6.3 million and that I brought the project in under budget.

#### Stakeholder Feedback and Performance

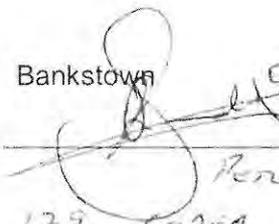
- 32 After the construction was completed I conducted many meetings with the trainers who used the synthetic track for training. These meetings were conducted on a regular basis. During these meetings from memory there were sometimes mixed reviews, but the majority were generally satisfied with the track.
- 33 After the installation of the track, we noted that it was performing differently during the warmer period, and as a result I undertook a study of recording the different temperatures and at the same stage conducted hardness tests. It was established that the track tended to soften during warmer temperature, but more so in the direct sunlight. As a result Equestrian Surfaces amended the maintenance plan to address this I recall preparing a maintenance report sheet that the Sunshine Coast Turf Club was required to complete and file with QRL.
- 34 My understanding prior to my departure from QRL was that the synthetic track at Sunshine Coast Turf Club was performing well, and that there had been an increase in the number of horses galloping on the track and a reduction in the number using the grass track. I cannot recall sectional times.
- 35 My dealings with the Clifford Park (Toowoomba) synthetic track were based around consultation meetings with stakeholders in Toowoomba. I recall attending a stakeholder meeting in Toowoomba. The main concern which I recall being expressed related to the removal of the grass track and replacing it with synthetic. Most wanted the synthetic to be installed inside the grass track. I did have some initial discussions with Contour Engineers in relation to the design of the track however was not involved in the matter when finalised due to my departure from the employment of QRL. I would say that there was less satisfaction with a proposed

  
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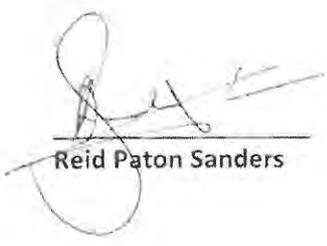
synthetic track among stakeholders in relation to Clifford Park, as the proposal there involved fully replacing all grass surfaces with synthetic, whereas other venues retained a mix of synthetic and grass surfaces.

SWORN at  
Signature of deponent  
Name of witness  
Address of witness  
Capacity of witness

Bankstown <sup>115</sup> ON: TUESDAY 10 SEPTEMBER 2013. <sup>9</sup>  
  
PETER CARNEY  
129 COREA ST. MURRAY 2228  
Justice of the Peace 128153 10/9/13

Signature of witness



  
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