

Speaker; Mr Mark McGowan; Mr John McGrath; Mr Mick Murray; Mr Terry Redman; Mr Joe Francis; Dr Graham Jacobs; Mr Murray Cowper; Mr Paul Papalia; Mrs Michelle Roberts; Dr Kim Hames; Mr Bill Johnston; Mr Brendon Grylls; Ms Janine Freeman

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**TAB — PRIVATISATION**

*Matter of Public Interest*

**THE SPEAKER (Mr M.W. Sutherland)** informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [2.46 pm]: I move —

That the house opposes the sale of the Western Australian TAB.

This is an excellent opportunity for every member of this house to explain and vote in accordance with what they believe on this issue. I will go through the reasons shortly, but the opposition is very clear in its position on this important issue for jobs, the racing industry and regional communities in Western Australia. Our position is absolutely clear cut. I have been reading and I have heard about positions expressed by members of the National Party and the Liberal Party on this issue. This is the opportunity for every member of this house to put their money where their mouth is on this very important issue for communities across Western Australia.

Just so that people understand the position of the Western Australian TAB, it is publicly owned but independently run. The system has been in place since 1961. It was put in place by Sir David Brand at that time to get rid of starting price bookmaking and other nefarious activities that were going on. The model in Western Australia is unique across the country. It ensures the maximum return to the racing industry. The proceeds from racing go back to the industry or to the government in taxes, and there is a small component that goes to the community benefit. That is a unique model. Other states across Australia have sold their TABs. They have a model under which a significant component of the proceeds from the industry goes to shareholders. That is a legitimate model for racing. It operates in other states, but I would argue, and the opposition would argue, that it does not operate as effectively in the interests of racing as the model we have in Western Australia.

**Mr J.E. McGrath** interjected.

**Mr M. McGOWAN:** It is interesting that the member for South Perth is interjecting. He has the view that the TAB should be sold; that is his view. That was the view of other state governments when they sold their TABs, but as we know from meeting and talking with industry representatives in other states, they regret it, virtually to a person. They regret the change from the former model to a new one. Some people would say that Western Australia is out of touch. The Premier would probably say that we are out of touch with the modern direction of the other states and the like. The member for South Perth would probably say that as well. However, in Western Australia sometimes we do things differently, and, I would argue, sometimes we do things better. An interesting case regularly raised is the fact that we do not have poker machines in Western Australia. Some people would argue that that is bad, but I would argue that it is good.

It is a unique model in Australia but a model that works for us. As a former Minister for Racing and Gaming, I know that by having the TAB in public ownership but independently run that the government's involvement in interfering with the administration of racing is virtually zero. Once a year it ticks off on the strategic development plan and that is it. Racing and Wagering Western Australia runs the industry, the TAB is the organisation that distributes the proceeds and the industry gets the benefit. What is wrong with that? Industry likes it and I think it works well. There is a range of speakers on this matter, but I will just quote. Racing and Wagering Western Australia on 7 July this year put out its annual report, if you like. I want to quote a few bits from it —

... Racing and Wagering ... approved a record \$136.4million of funding to industry for the racing season commencing 1 August 2015. This represents a 7.9% increase for the 2015/16 financial year, an additional \$10million in fund allocations.

...

The continued increase in funding allocation has been made possible by the strong performance of the TAB.

In the coming year there will be a 7.9 per cent increase in the proceeds to the racing industry. What other industries in Western Australia are growing at that rate? Can anyone name any in the current environment? We have an interesting model in Western Australia that returns to the industry. In Western Australia, 33 600 people are directly involved in racing and it provides 6 700 full-time jobs. The industry estimates that \$349 million in wages and around \$590 million is added to the Western Australian economy. On top of that, the industry provides contributions to what is called the sports betting account of around \$4.5 million a year. These proceeds from the racing industry are being used for community purposes—a bit like Lotterywest, but the money does not

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come from lotto and scratchies and the like. Where do those grants go? They go to Lifeline WA, Sea Rescue Fremantle and the Riding for the Disabled Association of Western Australia. In fact, over the last few years, more than \$30 million has been distributed to organisations in Western Australia such as Royal Life Saving WA, the Australian Paralympic Committee and organisations dealing with people who are suicidal and the like across WA. The racing industry in Western Australia makes contributions to those community organisations. Do members think that the major corporates who own the TAB in the eastern states make those contributions? Does anyone think they do? Of course they do not. They operate in the interests of their shareholders. As I said, that is a legitimate model if we want to do that, but we have a unique model in Western Australia that maximises the returns to the racing industry and the owners involved. The one thing that we must understand about the racing industry is that it wants the stakes and the returns to the industry. That is the basic thing that the industry wants. Whenever anyone talks to people in the industry, the first thing they want to know is what the return will be. People who are going to invest in a racehorse or other aspects of the industry, they want to know that they will achieve the maximum return for their investment. If some of that return is being siphoned off to shareholders, there is less in it for the industry. Therefore, we are saying that the shareholder model is not the best model for the industry in Western Australia. I will quote to the house what the chairman of Racing Victoria, Mr Robert Roulston, said.

**Mr J.E. McGrath:** He was chairman but he is not anymore.

**Mr M. McGOWAN:** Good point—he was the chairman, member for South Perth. That is great. Mr Roulston had this to say about it, and I quote —

“As soon as you privatise, I understand you can take an amount of money up front for it, but you’re giving away part of the future returns to shareholders, so it’s not ideal,” ... “Those shareholders, and therefore the directors of the company, may have quite different objectives to those of the industry and its needs.

“So philosophically, I can’t see any reason why if you’ve got a very good vertically integrated model—which WA has—why you would move away from it unless there was a desperate need for a large injection of capital up front.”

Those last few words are the Premier’s argument: a large injection of capital up-front. I will deal with that in a minute. The head of racing in Victoria said that. We know what Jeff Kennett had to say about it —

**Mr J.E. McGrath:** And he has gone back on it.

**Mr M. McGOWAN:** Maybe he has, maybe he has not, but we know what he had to say about it. We also know what the former Minister for Racing and Gaming had to say about it; he objected to it strenuously. We also know that the Premier back in 2013 said that the government would not do it. Numerous other people across the racing industry—Fred Kersley, you name it—are saying that this is not the right way for racing to go in Western Australia. What are the reasons? First of all, shareholders will come first and the racing industry will come second. The second point is that regional racing will miss out. Country racing is very concerned about this because as soon as we go to that model, the race meets in country towns that perhaps do not return so much will fall by the wayside. The third point is that there will be job losses in the industry. If we have the Tatts Group or Tabcorp running the industry in Western Australia, what will be the first thing that it will do? It will look to cut costs. These big organisations are run out of Brisbane and Melbourne, so what will they do? If they have the call centres and staff and all those things to run the industry in Melbourne or Brisbane, what will they do? They will see what services run in Western Australia can be moved over there. A call centre can run just as easily from Melbourne as it can in Perth. The TAB itself employs in the vicinity of 400 people. A lot of those jobs are administrative jobs that can be done in the eastern states just as well with today’s technology. Jobs could very well be lost. Actually, let us be frank: they will be lost if the TAB is sold.

I will now turn to the issue around the up-front capital. The Premier always says that we would like better facilities. That is a good argument; better facilities would be great. Belmont Park and Ascot Racecourses are old and they could be better. However, if Belmont is sold, we will lose the winter track. The racing industry always says that it needs a summer and a winter track. The industry knows this, and I have been out there in the morning as well. Due to the condition of the track and the damage caused to the track by horse activities and the like, the industry needs two tracks. The industry says that it needs a winter track. However, if Belmont Park is sold, those proceeds could go towards upgrading Ascot Racecourse. The government does not need to sell the TAB in order to upgrade Ascot Racecourse, Lark Hill racecourse or the like. If the industry agrees to sell Belmont, which it owns, the proceeds of that would be enormous and could go towards upgrading Ascot without selling the TAB. I would argue that the Belmont–Ascot issue is separate to the sale of the TAB and that it is a decision for the industry. It is not a decision for the government to make. The industry owns it and it has, as I understand it,

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a long-term, 1 000-year, lease over Ascot, so it is the industry's decision. The real reason that the government wants to sell the TAB is that it has made such a hash of the state's finances and it is scrabbling around for anything to deal with it. If that means, as we have seen, getting somewhere between \$200 million and \$600 million—we are not sure what the government expects to get—that is what the government will do in order to pay off some of the \$33 billion additional debt it has accrued. I would argue to the government, to ministers on the other side, that they should think of the jobs, the return to the industry and the fact that regional racing will suffer. They are all the issues and this government should deal with the issue of the TAB on its merits, not just because it has made a mess of the finances.

**MR J.E. McGRATH (South Perth — Parliamentary Secretary)** [3.00 pm]: I want to reply to some of the comments made by the Leader of the Opposition. There are three aspects to the situation with the TAB. The first—a point that the Premier has made many times—is whether the government should be in the business of running a betting or gambling operation.

**Mr M.P. Murray:** What about Lotterywest?

**Mr J.E. McGRATH:** With all due respect, there is a lot of difference between Lotterywest and a betting and wagering agency.

The second aspect is the changing face of the wagering landscape around the world, which has been mentioned many times in this place. Challenges are facing racing jurisdictions all over the world. New York State has 15 million people and there are three racetracks. Eight million people live on Manhattan Island, and it is talking about shutting down one of its racetracks. Do members know why? It is because attendances are dwindling and the cost of maintaining infrastructure is the biggest challenge for the racing industry worldwide. The third aspect is the future of the racing industry. The Premier has said—I agree with him—that it is time for the industry to modernise. I have been involved in the industry for a long, long time. I can go back to when the Western Australian Turf Club sold a big parcel of land at Bull Creek and used that money to build a brand-new grandstand at Belmont Park. That grandstand was state-of-the-art, it was world-class, but that was 40 years ago and infrastructure like that does not last forever. A review has just been done by Racing and Wagering Western Australia, which was carried out by GHD, because RWWA said that it needed to look at the assets that are owned by the racing industry. The Leader of the Opposition mentioned that the assets—Belmont Park and Ascot Racecourses—are principally owned by Perth Racing. Of course they might be separate from what happens with the TAB, but GHD identified that \$154 million needs to be spent to upgrade existing facilities and build new ones for the racing industry.

**Mr P.B. Watson** interjected.

**The SPEAKER:** Member for Albany, I call you to order for the first time. I know that you shout at the member for South Perth on the bowling green, but please.

**Mr J.E. McGRATH:** I chaired a committee inquiry into RWWA and back then we were told by RWWA that infrastructure was the biggest challenge facing the industry.

**Mr P.C. Tinley** interjected.

**The SPEAKER:** The member for Willagee is on three.

**Mr J.E. McGRATH:** Back then, RWWA said that funding was needed for infrastructure and a ballpark figure for that was about \$70 million. That was in 2008. Now in 2015, we need \$154 million if the government is going to support the racing industry to modernise itself. A new track is being built for the greyhounds at Cannington. The industry does not even have the money to build a grandstand. It will get a blow-up grandstand from somewhere in Dubai because it cannot build a proper grandstand.

**Mr M.P. Murray** interjected.

**The SPEAKER:** Member for Collie–Preston, I call you to order for the second time. I think you are trying to seek the call; you are next!

**Mr J.E. McGRATH:** What I am saying is that the opposition—pardon the pun—is putting the cart before the horse. Why would it oppose the privatisation of the TAB when it does not even know what the benefits might be? The government does not even know at this stage because proper due diligence is being done, as the Minister for Racing and Gaming has pointed out at industry forums around the state. Do members know what? At the end of the day, it will not be up to people in this Parliament to decide what happens to the racing industry. The racing industry will decide. This government intends to take the racing industry along with it. We are very confident that we will get the support of the racing industry because, as part of this deal, the only way that the

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funding can be unlocked and provided to the racing industry to improve infrastructure is if the TAB is privatised. I will give members a couple of examples.

The GHD report stated some of the things that are badly needed if this industry is to continue. Remember that GHD recommended that Belmont Park should probably be sold. Last year, Perth Racing had Deloitte do a report on Perth Racing's viability. The report was never really made public, just the executive summary, and Deloitte stated that we cannot continue to exist running two racetracks because running Ascot and Belmont Park is an unsustainable model. I am a racing person—I love Belmont Park and Ascot—but we have to face reality and look to the future. It was great 40 or 50 years ago when people had to go to the races to bet. Now, people can bet on their mobile phones; they do not have to go to the course. Racecourse crowds are diminishing. The world is changing. Racing is becoming a global event. Even in Victoria, the industry cannot get big crowds to racetracks until it has its big carnivals. There are big carnival days, but at other times of the year, just the regulars go to the races. GHD reported some of the spending that the industry needs—\$43 million to redevelop Lark Hill. I would have thought that the member for Warnbro would welcome with open arms a redevelopment at Lark Hill. If the Leader of the Opposition said to the people of Rockingham that they were getting a racetrack, that that will be where the winter racetrack is—there will be winter racing and that could be at Lark Hill—a lot of his constituents would probably love to be able to go to a very handy racetrack. Another thing that GHD recognised was the need for on-course stabling. People have told us at meetings with the minister and the Premier that where young people or retired jockeys go, who want to become horse trainers, is another challenge for the racing industry. The only way they can do it now is buy a property. The industry needs to set up on-course stabling, as happens all around the world and in every other state of Australia. It could be put in at Lark Hill for \$43 million.

**Mr R.H. Cook:** What's that got to do with selling the TAB?

**Mr J.E. McGrath:** I am saying that RWWA does not have the funding to do all this work. RWWA basically has to keep the prize money at a level that will encourage new owners and existing owners to stay in the game. Cutting prize money back to build infrastructure will affect the viability of the sport. The government is saying, "Here is a once-in-a-lifetime opportunity." Who knows what the sale of the TAB will produce in revenue? We do not know; the figures have not been done. That is why I think you guys are jumping ahead of yourselves until the blueprint comes out and the government can say to the industry, "This is what we are prepared to offer you." In the meantime, the government is saying to the industry, "You come and tell us what your needs are if you want to modernise, go into the future." Another thing identified in the GHD report is that Gloucester Park can stay for another 10 years, but the Gloucester Park facilities are ageing. It needs \$80 million spent there. The Byford Trotting Training Complex needs \$9 million. This is a huge amount of money. An upgrade is needed to the Pinjarra harness racing track, including lights. The member for Murray-Wellington would appreciate that. I have always asked why there would not be lights at the trotting track at Pinjarra where thousands of holidaymakers go every year in summer; in the old days, it had lights and people would go there in their thousands to have picnics on the lawn and watch the trots. It was a huge community event. Under this plan that the government is prepared to look at, Pinjarra could get lights. Pinjarra is a great track—probably a better track to race on than Gloucester Park.

The Leader of the Opposition made some points about the TAB, under its current model, returning a maximum return to racing. The government has already said to the racing industry that it will be no worse off. The government will guarantee ongoing funding for racing. If the system is not any good now, Leader of the Opposition—this is not a criticism of Racing and Wagering Western Australia because I think it is a well-run organisation—why can RWWA not come up with the funding for this very vital infrastructure for the industry? Training facilities are very important, because without horses there is no racing.

*Amendment to Motion*

**Mr J.E. McGrath:** I move —

To delete all words after "house" and insert —

notes that the state government has listed the WA TAB on the asset sales list and, as part of the asset sales process, the state government will consider all impacts on racing in Western Australia to ensure the racing industry's ongoing sustainability and that the racing industry across the state benefits from any sale.

**Mr J.E. McGrath:** Mr Speaker, I go on.

Several members interjected.

**Mr J.E. McGrath:** The Leader of the Opposition and I have history on this. When I was in opposition, the current Leader of the Opposition was the Minister for Racing and Gaming. I came up with a suggestion—

**Extract from Hansard**

[ASSEMBLY — Wednesday, 16 September 2015]

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because I support the racing industry, although a lot of people say that I do not—and I said, “Minister, if we want to get horses to our Perth carnival, why does the state government not underwrite a plane to bring the horses over?” I did not say pay all their fares; I said underwrite it. The minister got up and said “What?” In a very shrill voice he said, “Why would we pay for eastern states horses to come over to Perth and take Western Australian prize money back?” Do members know what happens now? RWWA underwrites a plane every year for horses to come across to the Ascot carnival.

We have to live in a modern world. The world is changing, Leader of the Opposition. The Melbourne Cup used to be a race for a tin-pot welder, then the Victoria Racing Club decided to globalise and a lot of the local trainers did not like it. Bart Cummings did not like it. He complained and said there should be 10 or 12 spots just for Australian horses. Do members know what has happened? It is the greatest race in the world. Before Bart Cummings passed away, he won it two or three times as an international race. We have to look to the future.

Whatever happens, the government will be talking to the racing industry all the way through. Government does not want to tell racing what it should do. We want the racing industry to come to government and tell us that this is where it would like to be in 30 or 40 years’ time. The Premier is going down to Lark Hill Thoroughbred Training Complex soon to look at the facility, because the Liberal-National government wants to support the racing industry. I think the opposition should not have moved a motion like this at this early stage in proceedings while work is going on with the racing industry. The opposition talks about people being opposed to the privatisation of the TAB. I will tell members who is not opposed, publicly anyway: the chief executive of RWWA. He has said at every meeting with industry groups that RWWA is not opposed to privatisation. The government wants to guarantee that the industry is better off.

Several members interjected.

**Mr J.E. McGRATH:** It is true. The deputy chairman of RWWA, Bob Pearson, has said the same thing: that it wants a better deal for the industry. This government is prepared to give the industry a better deal.

**MR M.P. MURRAY (Collie–Preston)** [3.14 pm]: I rise to speak against the amendment to the motion. Certainly many, many errors have been made because the focus has been on the thoroughbred racing industry alone. There are two other codes that also have an interest: the chasing and pacing industries that no-one from the government has spoken about or, probably, to. It seems to be all about the thoroughbred racing industry and the selling of tracks that do not impact on those two industries. There was a slight mention of Gloucester Park being around for another 10 years, so I am glad there was one small mention.

Let us have a look at what has happened to the chasing industry under this government: it has been absolutely decimated. The government made some promises, but when it got to the final hurdle it never helped the industry out. RWWA put money up, not the government; \$13 million that should have come from the government came out of RWWA’s bankbook. The government asks why there are no facilities: it is because the government has not backed it up.

I will go a little further into that and the narrow focus of the government’s speakers on Perth, and Perth alone. Let us look around the countryside at the number of people directly involved in the industries. In the Kimberley: thoroughbreds, 364 people; harness racing, three people; and greyhounds, two people. In the Pilbara: thoroughbreds, 322 people; harness racing, three people; and greyhounds, 61 people. In the midwest there are 1 041 people directly associated with the thoroughbred industry; harness racing, 45 people; and greyhounds, 24 people. If we come down further to the Gascoyne, there are 216 people involved in the thoroughbred industry, and 32 people in the greyhound industry. Think about these figures. In the wheatbelt there are 2 403 people involved in the thoroughbred industry; 925 people involved in the harness industry; and in the greyhound industry there are 226 people. Moving to the Peel area—I am sure the member for Murray–Wellington has some interest in this—there are 929 people involved in the thoroughbred industry; 2 144 people involved in the harness industry; and 867 people involved in the greyhound industry. In the south west there are 1 862 people involved in the thoroughbred industry; 1 603 people involved in the harness industry; and 212 people involved in the greyhound industry. In the great southern, down in the member for Albany’s area, there are 926 people involved in the thoroughbred industry; 346 people involved in the harness industry; and 17 people involved in the greyhound industry. Government members never mentioned any of those people in the other areas who at times rely on those picnic meetings to keep the town going. The meetings are the social highlight of the year. They bring the people into town. If the owners and trainers fill up their tanks after towing the float down, it will cost them \$100 to \$150 at the local service station. That income will go. It is a community issue; it is not only about the racing industry.

But let us have a look around the place and ask what the National Party has to say about this? Nothing! Its members went to its conference saying “We don’t support the sale of the TAB”; they came back saying

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“maybe”. They are still the same—sitting on the fence. The minister did a trip virtually around Australia. He went up to the Pilbara and over to Bunbury. I was on my deathbed, but I went to the meeting in Bunbury to listen to the minister. The member for Murray–Wellington put the minister on the spot and said, “Okay, minister, you are the worst-briefed minister I have ever seen at any meeting, but let’s put it to the vote in this room here now.” When the hands went up, it was 60–nil against the sale of the TAB. I think it was the same in Albany.

**Mr P.B. Watson:** It was the same in Albany.

**Mr M.P. MURRAY:** Then the member for Murray–Wellington said to him, almost literally, “Get on your horse and go!” He was a bit ruder than that, to be quite honest—I would not have said those things. But he told him, “There’s your opinion. Listen to it, and go back into your box.” So that tells members what people think in country areas.

Thirty-three country tracks have shut down in South Australia. That means that 33 small country towns do not have a social function once a year. I think it is great; a few years back I went out to Yalgoo and saw the people all dressed up in their finery. Some of those people only get dressed up once a year. Caravans from all over the place had come there just for that race meeting. Again, the local pie shop was sold out. That is when the people make their money for a quarter of the year.

Let us look further into the funding that comes back to the state government. There is \$40 million of turnover tax—never, ever chop the head off the goose that lays the golden egg. There is \$33 million raised from the goods and services tax turnover. That \$70 million will be gone from state coffers. The Leader of the Opposition mentioned the sports funding of, I think, \$4 million that will not go into groups like the Riding for the Disabled Association. Those sorts of groups will not get their funding and will have to line up and beg.

Then we move across to Queensland. What happened to the Queensland racing industry, just recently? It has gone back to the government after privatisation, asking for \$30 million. Do members know what the industry and the Tatts Group told me? They have said, “Oh no, they run it badly. They run the racing area badly.” Why? It is because the Queensland racing industry did not have any money coming in. We need to be very, very careful about this because we could destroy what I see as a well-run and profitable industry. Racing and Wagering Western Australia is doing a magnificent job. As much as I have criticisms about some smaller areas about what it does and how it does it, overall no other state has the same increases in prize money as Western Australia has—none. There might be individual races that have a bonus put on them to make sure all the major racing people go there, such as the Melbourne Cup. We here in Western Australia have a chance to grow, because we have a good model, and to not go down the drain under the proposed privatisation. We should have another review. The member for South Perth was the chair of a committee that looked all around the place. The state government had its chance. It came back with so many recommendations but very few of them have been implemented. At the last count, five out of something like 40 recommendations were adopted. The number is so small because the government did not support the industry.

Let us look today at whether the member for Belmont is going to vote for or against the privatisation of the TAB. Let us see what the member for Murray–Wellington does; he has made a lot of noise and brought a lot of petitions into this house. Is he just all wind? He is a big fella, but he could be full of wind. Let us look at what happens there and see whether these people have got the gumption to stand up for the future of their communities.

**MR D.T. REDMAN (Warren–Blackwood — Leader of the National Party)** [3.21 pm]: I just want to make a couple of comments in a couple of capacities. One as the minister representing the Minister for Racing and Gaming in this house, and also as the Leader of the National Party, because the National Party has made some statements publicly on this position. The point that the member for South Perth highlighted was that no decision has yet been made about the sale of the TAB.

Several members interjected.

**Mr D.T. REDMAN:** There has been no decision. Members opposite are running a story on the premise of a decision that has not even been made.

Several members interjected.

**The SPEAKER:** Members!

**Mr D.A. Templeman** interjected.

**The SPEAKER:** Member for Mandurah, I call you to order for the first time.

**Ms M.M. Quirk** interjected.

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**The SPEAKER:** Member for Girrawheen, do you want to get called?

**Mr D.T. REDMAN:** I just want to go through a few facts. First of all, in the 2014–15 budget speech by the Treasurer there was an announcement that the government would look at a number of asset sales. That is on the table. The Premier even announced that as a part of the second tranche of those sales we would consider the sale of the TAB. Both the former and current Minister for Racing and Gaming made the point publicly that they would make the decision based on the best interests of the racing industry. Those are the facts and the issues that are on the table.

Just to be clear about the Nationals' position, I want to read out the motion that was passed at the National Party's conference in Margaret River. The Nationals' motion was that the Nationals do not support the potential sale of the state-owned TAB without a demonstrated and preserved regional benefit. Quite rightly, the National Party members of Parliament will reflect the interests of the lay party.

As far as the procedure goes, there is an analysis of the TAB happening now, which the member for South Perth talked about. That will consider the level of due diligence about the issues and the risks and the challenges, and the advice that government needs to have a plan in order to make a decision around that. One of the key issues that will be discussed, no doubt, will be any criteria that are attached to a sale. We can go from a position of selling it as is, which is just a clean sale, and the industry or whoever buys it will make its decisions accordingly, or we can have some conditions or criteria that sit around the sale. Depending on where members sit on that issue and what conditions are set around the sale, that will affect not only the sale price, but also the potential benefits that might flow back to the industry and, from our perspective, regional Western Australia. There are a lot of things to be discussed and issues determined in terms of how a sale may or may not proceed. Ultimately, it comes back to a cabinet decision. It comes back into cabinet and the ministers sitting around the table will make the call. If the decision is made to have a sale, albeit a conditional sale, legislation will come into this place and will need to be passed. There are more than enough decision-making points for any member of this house to make a call on whether they think the decision that is made or is not made is the right one.

From the industry's perspective, the minister wants to ensure that we have a sustainable industry going forward. From our perspective, a very important issue is the country racing circuit, as the member for Collie–Preston pointed out. Races such as the Landor races are held once a year. They are iconic. There are a lot of things to consider.

The other point that we have many discussions about is the changing wagering landscape. This is a really important point. I am not sure I know the answer to this and that is why I am chasing the due diligence about how we should consider this issue. On Monday night I was watching on television the change in the federal leadership. I was watching it just before all the members of the Liberal Party went into the Liberal party room. We saw Malcolm Turnbull walk down with a team of people behind him and just after that we saw Tony Abbott walk behind him. My son was on his phone and he was giving me the odds of who was going to walk out of that party room as Leader of the Liberal party and the future Prime Minister of Australia.

**Mr B.S. Wyatt:** Did he win?

**Mr D.T. REDMAN:** He actually just missed the bet, because it was shut down as the last person walked into the room.

I am making the point that the wagering landscape is very, very different from what it used to be. These are challenges of a state government-owned wagering sector. It is eight per cent of the wagering sector. Therefore, it somewhat vulnerable to the wagering market as that landscape changes. We need to consider all those issues as we take this debate forward.

This is of concern to the National Party. Obviously the impact that it will have on the regions will be significant to us and we will take all those issues into account. We hold a view that we think the amendment that has been moved could be more explicit, so I would like to move an amendment to the amendment.

*Amendment on the Amendment*

**Mr D.T. REDMAN:** I move —

That the amendment be amended by deleting all the words after “government” where it first appears and to insert —

only supports the sale of the TAB if there is a guaranteed ongoing benefit for the racing industry.

Speaker; Mr Mark McGowan; Mr John McGrath; Mr Mick Murray; Mr Terry Redman; Mr Joe Francis; Dr Graham Jacobs; Mr Murray Cowper; Mr Paul Papalia; Mrs Michelle Roberts; Dr Kim Hames; Mr Bill Johnston; Mr Brendon Grylls; Ms Janine Freeman

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**The SPEAKER:** Are you finished? You are moving an amendment; are you still speaking or is that the end?

**Mr D.T. REDMAN:** I will just make a couple of closing comments, Mr Speaker.

In summary, no decision has been made.

Several members interjected.

**The SPEAKER:** Members!

**Mr D.T. REDMAN:** I support the principle of asset sales to deal with the state budget challenge, and the Nationals will rightly look at all the due diligence that is presented as they go before cabinet to make a decision.

**Mr P.B. Watson** interjected.

**The SPEAKER:** Member for Albany, I call you to order for the second time.

**Mr D.T. REDMAN:** We will always look out for and look after the interests of regional Western Australians. It is amazing how members opposite stand on their hill and talk about their legitimacy in regional Western Australia. They have no credibility out there.

**Mr M.P. Murray:** Twenty million dollars!

**Mr D.T. REDMAN:** I know where \$20 million was!

Several members interjected.

**The SPEAKER:** Members!

**MR J.M. FRANCIS (Jandakot — Minister for Emergency Services)** [3.28 pm]: I want to make a couple of points, and I will try to simplify what is obviously becoming a fairly complicated issue for some people. Firstly, I want to make it crystal clear that it is the role of any responsible government to consider the assets that are owned by the state on behalf of the taxpayers of Western Australia, and whether or not it is the role of government to own those particular assets. I will make this point firstly. If it is right for the commonwealth government and commonwealth Labor governments to realise that it is not the role of the commonwealth —

Several members interjected.

**The SPEAKER:** We are getting the wall of noise.

**Mr J.M. FRANCIS:** If it is right for the commonwealth government and previous commonwealth Labor governments to realise that it is not the role of government to run the Commonwealth Bank against Westpac, to run Telstra against Vodafone and Optus, or to run Qantas against other airlines, surely it is right for us to consider whether it is the role of state government to run a betting agency against Sportingbet, Betfair, Centrebet, Intrade, Paddy Power, Tom Waterhouse and a range of different online betting agencies. I am not trying to be provocative here; I just want to —

**Mr W.J. Johnston** interjected.

**The SPEAKER:** Member for Cannington, I call you to order for the first time. Member for West Swan!

**Mr J.M. FRANCIS:** I am not trying to be confrontational—just hear me out.

I want to point out a couple of complexities involved in the massive shift from bricks and mortar retail gambling buildings—the old TABs—to the online industry. The Leader of the National Party was right the other day when he was talking about his son. Every single person in the world is now moving to online betting agencies and away from bricks and mortar. I know that the TAB is in this space, but let me give members an example of some of the complexities that face online gambling agencies right now. People can talk about Sportingbet and Centrebet and compare them with Intrade and Betfair, which are not run by bookmakers but are betting exchanges that have punters betting against each other. If people want to make money out of gambling, they back high and lay low. There are people out there in front of computers with programs and who have written all the little hacks so that they can play bookmakers, betting agencies and betting exchanges off against each other to try to make a quid. Good luck to them if that is what they want to do; it is probably ethically no different from playing the stock exchange.

Right now people can bet online before the bounce-down or the race starts, but they cannot bet online in Australia while the game is in play. People can pick up the phone and change their bet, they can bet or they can lay, but they cannot do it online from within Australia. People can probably illegally download an app on their phone or put an IP gateway changer into their computer so that if they are in New Zealand, they can bet online in Australia with an Australian betting agency while the game is in play. People cannot do that here, but they can

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probably illegally trick Australian betting agencies into thinking that they are in Australia and they can therefore bet online.

There is another issue, for example, that free enterprise will always beat red tape. Waterhouse might be in front of the courts at the moment, so I will choose my words carefully. I think the Waterhouse betting agency has worked out a way that people can get their phones to record a message that can go through all these things. Anyway, the point is —

**Mr R.H. Cook** interjected.

**The SPEAKER:** Member for Kwinana, I call you to order for the first time.

**Mr J.M. FRANCIS:** The point is that this industry is changing so quickly. Does anyone seriously think that a state government-owned betting agency is going to be anywhere near competitive in this space in the next 10 years—seriously? Not to mention that the bricks and mortar buildings that they now own are soon going to be worth a lot less than they were 30 years ago. If members do not believe me and they have the internet in front of them, go to Google and put in TAB WA and see what the first betting agency is that comes in. It is Sportsbet; it is not the TAB WA. TAB WA cannot even get its search engine optimisation right today; they cannot even get that. How on earth do members think the Western Australian TAB, run by a government agency, is ever going to compete with the rise of online betting agencies? It is only right that any responsible government seriously considers whether this is the role of a state government-owned agency on behalf of the taxpayer. Are we better off not being involved in betting either financially, with future valuations of both the assets and the market, or ethically?

**DR G.G. JACOBS (Eyre)** [3.33 pm]: Unlike the member for South Perth, I am not an inherent racegoer, but as my duties as a member of Parliament require, I attend race meetings in the regions—in Esperance, Kalgoorlie and the goldfields. Last year, I went to a race meeting and the president of the race club was standing at the gate. My wife and I were walking in, and he said to us, “Graham, I will let you in if you promise me that you won’t sell the TAB.” To which, I replied, “I will do my due diligence in this area, but I assure you that whatever we do will be for the benefit of the industry.” He let me in, but every time I go to the races—I am going to the Boulder Cup on Sunday—I get the same message.

Although the member for South Perth said that negotiations are in the early stages, this issue has been around for me and other regional members for some time. We get this issue every time we go to the races. As a member—regional members would understand this—I have to give a very good argument, but we have not had that debate. We have not had that due diligence. As the member for Eyre, can I go to the president of the race club and say that I believe that this move will benefit the racing industry, and the community, by the way, because of these reasons, and here they are: one, two, three? No, I cannot do that. We have not got there. Although this is early in the process, member for South Perth, I think it is late enough that I as a member and other members for regional Western Australia can go to the racing industry with substantive facts and argument showing why, if we did sell the TAB, they would get tangible benefits, because it is about maintaining and upgrading their tracks and infrastructure and stakeholder money. It is for the benefit of the community. The member for Collie–Preston made a very good point about communities and the benefit for communities.

I support the amendment before us which states —

To delete all words after “government” with the view to inserting the following words —

... only supports the sale of the TAB if there is a guaranteed ongoing benefit for the racing industry.

*Amendment on the Amendment*

**Dr G.G. JACOBS:** I move —

To amend the amendment by adding after “the racing industry” —

and local communities throughout WA

**MR M.J. COWPER (Murray–Wellington)** [3.37 pm]: I would like to remind members in this place that we are here for a specific reason: we were voted here by our constituents. I am here to speak on behalf of my electorate, which has, as pointed out by the member for Collie–Preston, something like 5 000 people involved in the racing industry, whether it be in the Murray, Harvey or Waroona Shires, and not one of those people has said to me that they wish to sell the TAB. In fact, to the contrary. I have had similar experiences to the member for Eyre when I go to the track where I am the patron. I recently travelled far and wide from the top to the bottom of the state with the member for Belmont, and everywhere we went not a single person said that they support the sale of the TAB.

The biggest issue we have is that we have a notion that we are going to sell the TAB, which has straightaway put uncertainty into the industry. Down my way, we have breeders, buyers and horse agistment places, and this

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notion has put a shiver of uncertainty through the industry. I have not much more to say, but I will say this. There is an opportunity for Western Australia on our time zone to go into Singapore, Hong Kong and Shanghai. We can compete on the mobile phone. Yes, it is a changing landscape and we need to move with the times, but there is a huge opportunity for racing in Western Australia to become the absolute mecca of racing in not only Western Australia, but also across the whole Asia–Pacific region if we get it right.

People in the Murray–Wellington electorate have said in the strongest possible terms that the government should not sell the TAB. Members should look at what happened to the former Premier of Victoria Jeff Kennett, who said that he rues the day that he ever sold the TAB.

*Amendment on the Amendment*

**MR P. PAPALIA (Warnbro)** [3.39 pm]: I move an amendment on the amendments moved by the Leader of the National Party and the member for Eyre —

To delete all words after “government” with the view to inserting —  
only supports

And delete the words after “TAB” and insert at the beginning —  
does not support

So that the words to be inserted will read —  
does not support the sale of the TAB

This debate began as a debate on the sale of the TAB. Sadly, it descended into a debate about who sold out on the TAB. For decades, the member for South Perth was an advocate for retaining the TAB, and was the author of a report as a committee member that argued to retain the TAB. But he is now selling out in favour of the Premier’s spurious arguments—his desperate need to have a list of assets to sell. The Premier’s only motivation is not the interest of the industry, not the interest of people in racing, not the interest of thousands of people to whom the member for Murray–Wellington referred—none of that; his only interest is to try to provide himself with a fig leaf to cover the poor mismanagement of the state’s finances over the last seven years. He wants to say something to the credit rating agency, “Please don’t remove my AA+; please don’t take that. I’ve already lost the AAA; I cannot afford any more loss of credibility.” That is the only motivation for the sale of the TAB. In September 2013, the Premier said that he would not sell it. He has broken that promise. In September 2013, he promised the people of Western Australia that he would not sell the TAB. The National Party has the numbers, so if it decided to join the backbench members of the Liberal Party who have integrity on this matter and vote with the Labor Party, it would be able to deny the government even a remote possibility of selling the TAB. If National Party members were true to their word, they would stand with the people of the regions—those 55 clubs other than Perth Racing that benefit from the TAB. Perth Racing is one club that the Premier talks to. There are 55 other clubs around the state, across thoroughbreds, across pacing and across greyhounds. None of them want the TAB sold.

As we heard from the member for Murray–Wellington, if National Party members go out and witness those people’s views, they will very rapidly come to the conclusion that the sale is a bad idea. People know that they are the beneficiaries of a well-run organisation. It is the premium organisation of its kind across the nation. It generated \$136 million in disbursements this year. During the last four years, it grew disbursements to the industry—\$40 million in tax to the taxpayer, besides the \$30 million over the last 10 years distributed to worthy organisations around the state, as the Leader of the Opposition indicated, such as the Riding for the Disabled Association. I happen to have a lot of interest in Riding for the Disabled. I am the patron for Riding for the Disabled in the Peel region. I can guarantee that members in this house are patrons of their local Riding for the Disabled organisations right around the state or, at the very least, are good supporters of it. It is undeniably a fine organisation, as are the other organisations that over the last 10 years have benefited from over \$30 million in grants from TAB proceeds. On 5 September, Riding for the Disabled held the state games, a major event as a result of a grant from the community TAB grants system. More than 1 000 riders of all ages with physical and intellectual disabilities attend centres around WA. We all know about it and we know its value. The Riding for the Disabled operations manager, Kelly Mansfield, said, “A lot of what happens for Riding for the Disabled would not be possible without the partnership it has with the community TAB.” That is just as true of organisations such as Lifeline, Fremantle Sea Rescue, Anglicare, the Cerebral Palsy Association of Western Australia, the Salvation Army and Radio Lollipop. More importantly, they are vital contributions that will evaporate the moment shareholders on the east coast are the beneficiaries and not the people of Western Australia.

Those thousands of people in the racing, pacing and chasing industries in Western Australia whose employment is derived from these industries know that the government cannot guarantee the disbursements from that industry once the TAB has been sold. Once it has been sold, we will lose control. At the very best, the government will

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give them a mirage of confidence that they will get disbursements for a couple of years. Once the industry changes, the company will manipulate the proceeds. Ultimately, industry shareholders on the east coast will benefit and our product will suffer.

I was amazed that the member for Jandakot spoke. What an extraordinary contribution for him to lecture the likes of the member for Murray–Wellington and the member for Collie–Preston on racing—extraordinary. He was suggesting that somehow the TAB was on the back foot. The WA TAB is part of the new industry. It is leading the race. It is leading the surge towards taking on the new digital age. It is winning and that is why it is an attractive asset and why companies on the east coast want to buy it—first, because it is a prime competitor and, second, because it is a really good asset. Those companies will strip that asset from which revenue streams the taxpayers of Western Australia, industry in Western Australia and thousands of people benefit. One of those is the Lark Hill Apprentice Jockey of the Year, which I sponsor every year. This year I presented the award to Ashley Carmichael, a young woman at Lark Hill. Last year it was Chloe Azzopardi. Young people like that see the racing industry as their future, as a potential employment opportunity and the trainers who support them —

**Mr J.E. McGrath:** They will be looked after.

**Mr P. PAPALIA:** Does the member for South Perth know what? They do not want the TAB sold. As I was presenting young Ashley with a voucher worth \$300 to buy saddles and other equipment, I talked to Bob McPherson, David and Jenny Harrison and Greg Holme at Lark Hill. I guess he will have to confront the Premier himself when he gets the opportunity. None of them want the TAB to be sold. By the way, member for South Perth, if the government were to sell Belmont Racecourse, it would not have to sell the TAB to do up Lark Hill and provide all the other facilities required at Lark Hill for it to be the second track. It is already a magnificent track; it just needs a few more facilities. It should absolutely have community stables. Sell Belmont Racecourse and do it that way. Tell Perth Racing to do that; do not tell it to support this spurious, ridiculous argument to sell a fine asset in the TAB. The member for South Perth knows that he has sold out on this one. All the Nationals have sold out on it. They will suffer in their communities because the 55 clubs around the state outside Perth Racing will not tolerate it. I commend the members for Belmont and Murray–Wellington for having the courage to stand up. A lot of other members on the Liberal Party back bench also want to do it. They are a bit skittish at the moment, but I reckon they might get some backbone when their constituents confront them. A lot of constituents out there are deadset against the sale of the TAB and they do not trust the man over there. They do not trust the “emperor” dictating to them, suggesting they will get a —

**Mr P.T. Miles** interjected.

**The SPEAKER:** Member for Wanneroo, I call you to order for the first time.

**Mr P. PAPALIA:** The Barnett government has lost all credibility across a range of areas and activities, but he has no credibility with this one.

**The SPEAKER:** Now we have to deal with a list of amendments. The first one, moved by the member for South Perth, is that the words after “house” in the original motion be deleted.

*Division*

Amendment (words to be deleted) put and a division called for.

Bells rung and the house divided.

*Point of Order*

**Mrs M.H. ROBERTS:** I understand that the bells had stopped ringing and people are not entitled to change sides.

**The SPEAKER:** You cannot change sides after the tellers are appointed. So that is it. The bells are still ringing.

**Mr B.J. Grylls:** Just make it clear what we are voting for.

**The SPEAKER:** We are going to. Member for Midland, the tellers have not been appointed. People can move sides until the tellers are appointed.

**Mrs M.H. ROBERTS:** Can I inquire, Mr Speaker, whether it is in order for the Liberal Party Whip to use undue pressure to get people to change sides.

**The SPEAKER:** The question is that the words to be deleted be deleted.

*Division Resumed*

**Extract from Hansard**  
[ASSEMBLY — Wednesday, 16 September 2015]  
p6486b-6498a

Speaker; Mr Mark McGowan; Mr John McGrath; Mr Mick Murray; Mr Terry Redman; Mr Joe Francis; Dr Graham Jacobs; Mr Murray Cowper; Mr Paul Papalia; Mrs Michelle Roberts; Dr Kim Hames; Mr Bill Johnston; Mr Brendon Grylls; Ms Janine Freeman

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The division resulted as follows —

Ayes (33)

Mr P. Abetz	Ms W.M. Duncan	Mr R.S. Love	Mr J. Norberger
Mr F.A. Alban	Ms E. Evangel	Mr W.R. Marmion	Mr D.T. Redman
Mr C.J. Barnett	Mr J.M. Francis	Mr J.E. McGrath	Mr A.J. Simpson
Mr I.C. Blayney	Mr B.J. Grylls	Ms L. Mettam	Mr M.H. Taylor
Mr I.M. Britza	Dr K.D. Hames	Mr P.T. Miles	Mr T.K. Waldron
Mr G.M. Castrilli	Mrs L.M. Harvey	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )
Mr V.A. Catania	Mr C.D. Hatton	Mr N.W. Morton	
Ms M.J. Davies	Mr A.P. Jacob	Dr M.D. Nahan	
Mr J.H.D. Day	Mr S.K. L'Estrange	Mr D.C. Nalder	

Noes (24)

Ms L.L. Baker	Dr G.G. Jacobs	Ms S.F. McGurk	Ms R. Saffioti
Dr A.D. Buti	Mr R.F. Johnston	Mr M.P. Murray	Mr C.J. Tallentire
Mr R.H. Cook	Mr W.J. Johnston	Mr P. Papalia	Mr P.C. Tinley
Mr M.J. Cowper	Mr D.J. Kelly	Mr J.R. Quigley	Mr P.B. Watson
Ms J.M. Freeman	Mr F.M. Logan	Ms M.M. Quirk	Mr B.S. Wyatt
Mrs G.J. Godfrey	Mr M. McGowan	Mrs M.H. Roberts	Mr D.A. Templeman ( <i>Teller</i> )

Amendment (deletion of words) thus passed.

*Motion, as Amended*

**The SPEAKER:** We will move on to the next amendment about which I want everyone to be clear in their minds. It is the amendment moved by the member for South Perth. Then there was a further amendment moved by the Leader of the National Party, which deletes all words after the word “government”. Do members want me to read it out so it is clear? We are dealing with the member for South Perth’s insertion of words, but there is an amendment to those words by the Leader of the National Party. This is what the member for South Perth moved to insert —

notes that the state government has listed the WA TAB on the asset sales list and as part of the asset sales process, the state government will consider all impacts on racing in Western Australia to ensure the racing industry’s ongoing sustainability and that the racing industry across the state benefits from any sale.

The Leader of the National Party has moved an amendment deleting all words after “notes that the state government”, so we have to agree whether you want to get rid of this amendment moved by the member for South Perth by deleting all the words after “notes that the state government”.

The question is that all words after the words after “state —

*Point of Order*

**Dr K.D. HAMES:** I am still confused, because I think we have to insert the member for South Perth’s words first to get to the word “government” and after we have “government”, we delete the rest of the amendment and support the Leader of the National Party’s amendment. If that is wrong, I need an explanation.

**The SPEAKER:** That is wrong, because if we do that and it is carried, the amendment is carried. We are trying to get words that are acceptable as an amendment. Is everybody clear?

**Mr D.T. REDMAN:** I just want to get clarity that if we support the amendment being put to the house now, are we able to get to the amendment that the National Party moved?

**The SPEAKER:** Yes, this is the amendment.

**Mr F.M. Logan:** Follow the bouncing ball!

**Mr D.T. REDMAN:** Further to that, I thought there was then another amendment that came from the member for Warnbro.

**The SPEAKER:** There is, but that is dealt with after your amendment is dealt with, depending on whether it is successful. The question is that the words after “that the state government” in the amendment moved by the member for South Perth be deleted.

**Mr W.J. JOHNSTON:** Mr Speaker —

**Mr V.A. Catania:** Follow the ball!

Speaker; Mr Mark McGowan; Mr John McGrath; Mr Mick Murray; Mr Terry Redman; Mr Joe Francis; Dr Graham Jacobs; Mr Murray Cowper; Mr Paul Papalia; Mrs Michelle Roberts; Dr Kim Hames; Mr Bill Johnston; Mr Brendon Grylls; Ms Janine Freeman

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**Mr W.J. JOHNSTON:** That is exactly what I am trying to do. The member for South Perth has proposed certain words. The Leader of the National Party has moved that those words be amended, the member for Eyre has moved that those words be amended and the member for Warnbro has moved that those words be amended. How can they be dealt with in the order being proposed? Surely, we would deal with the member for Warnbro's amendment first, because he moved an amendment to the amendment moved by the Leader of the National Party. Once that resolution is dealt with, we would deal with the member for Eyre's amendment, because he is also dealing with the Leader of the National Party's amendment, and then we would deal with Leader of the National Party's amendment, which amends the words moved by the member for South Perth, and only then would we be in a position to deal with the member for South Perth's amendment.

Several members interjected.

**The SPEAKER:** Members!

**Mr W.J. JOHNSTON:** Otherwise, we would be agreeing to words that we might not agree to. We might choose to vote for words that we might not otherwise agree to. We might choose to vote in favour of an amendment to a set of words.

**Ms R. Saffioti** interjected.

**The SPEAKER:** Member for West Swan, I am trying to listen to a point of order.

**Mr W.J. JOHNSTON:** We might want to support an amendment moved, say, by the member for Eyre, and then, if we are defeated, not support the Leader of the National Party's amendment. We have to go backwards; otherwise, we do not get an opportunity to vote for the words we support. These are amendments to the amendments, not amendments to the original position put by the member for South Perth.

**The SPEAKER:** Before any words are inserted, we must create the blank in which to insert the words. If members want to vote against the amendment of the member for South Perth, you create the blank, and then we fill those words with the amendment from the Leader of the National Party. That is how it works.

**Mr B.J. GRYLLS:** I seek clarification here. If the house defeats the amendment moved by the member for South Perth, do we then have the opportunity to go on to the subsequent amendments?

**The SPEAKER:** Yes, the one from the Leader of the National Party.

**Mr B.J. GRYLLS:** If the house defeats the amendment of the member for South Perth, can we move on to subsequent amendments?

**The SPEAKER:** You move to the next amendment. You move to the subsequent amendment moved by the Leader of the National Party.

**Ms J.M. FREEMAN:** It interests me that what the member for Cannington was saying holds true, because if we cannot vote firstly for what the member for Warnbro did in terms of that amendment, we cannot then vote for what the member for Eyre did. I understand that what you are saying, Mr Speaker, is that we need to create the vacuum; we need to remove the words. I understand we need to remove the words, but if that then goes through and the words are removed, we would then have to come in essence back to what the member for Warnbro moved. It may solve the point if the member for South Perth withdrew his amendment.

*Motion, as Amended, Resumed*

**The SPEAKER:** We have now moved into private members' time. We can move a suspension of standing orders to complete this process; otherwise, this business is suspended under standing order 61.