

TAB (DISPOSAL) BILL 2019

Committee

The Deputy Chair of Committees (Hon Dr Steve Thomas) in the chair; Hon Stephen Dawson (Minister for Environment) in charge of the bill.

Clause 1: Short title —

The DEPUTY CHAIR: We are dealing with the TAB (Disposal) Bill 2019, a bill in which we have a particular interest, cognately with the Betting Control Amendment (Taxing) Bill 2019, but we are dealing with the TAB (Disposal) Bill in Committee of the Whole first. Members should be aware that the most recent supplementary notice paper is 128, issue 2, which contains a number of amendments.

Hon COLIN HOLT: Thank you, Mr Deputy Chair. I have a couple of quick questions on clause 1 before I make a more substantive contribution. One of the issues that is not in the bill is a commitment from the government around support for the TAB agents. That has been an important consideration all the way through this discussion. TABs are small businesses; they are an important part of the industry. In fact, we could almost say the retail side of the TAB sale is actually where the value of the sale is, rather than it being just a digital platform.

There is an indication of a commitment in both the minister's second reading speech and his response to the second reading debate. I wonder whether the minister can table some information that he has directly communicated with the TAB agents about the commitment to those small businesses, or agents, so they can take some comfort from this debate and from a record in *Hansard* to ensure that their wishes are met. I seek that in good faith because, obviously, I too have been talking to them. I think the negotiations across the board with government and the agents have been good. I wonder whether some correspondence can be tabled or potentially tabled between the government, Treasury, the minister and the WA TAB Agents Association to get that on the record and give them some further comfort.

Hon STEPHEN DAWSON: We are trying to find whether a piece of correspondence has been sent to the TAB Agents Association. While we seek that information, perhaps I can put some information on the record about the impact of the sale on the TAB agents. Currently, 64 TAB agencies operate under an assignable business licence contract with RWWA. TAB agents are supportive of the proposed sale, but raised some concerns about the status quo of their contractual standing, in particular the previous decision to remove buyout clauses from the ABL contracts in 2016. The government listened to the concerns of the TAB agents and has agreed to introduce additional protections for them. One of the new protection measures for agencies operating under the ABL contract is the government's requirement that the new wagering operator make a contractual undertaking that in the first 12 months after the new operator takes control, any TAB agent that falls below a low-commission threshold of \$2 800 a week can choose to be bought out of their agency at the uncapped value of 100 per cent of their previous year's commission. It is expected that around seven to 10 agencies will be eligible for that. A further protection measure is that for all other agencies that may be subject to termination upon review of the network requirements, the operator will be required to offer payments set at a minimum of 60 per cent of the prior year's commission, up to \$100 000, for the first five years after the new operator takes control, which is in addition to the 12-month notice period required under the contract.

I am advised that the Minister for Racing and Gaming and the Treasurer have written to each TAB agent outlining those protection measures. I do not have a copy of that correspondence here, but it outlined the provisions I have just addressed. There will be other benefits for TAB agents. It is important to note that TAB agents are likely to benefit from additional revenue that will be generated from betting on simulated races, a more level playing field relative to online competitors following the introduction of the point-of-consumption tax on 1 January 2019, and the likelihood of a well-capitalised TAB operator investing in the retail network. I do not have a copy of that correspondence, but I am advised that it informs agents of the things I have just outlined.

Hon COLIN HOLT: I think it is important for this chamber to hear those assurances for TAB agents. I have a couple of further questions. One question is about the point-of-consumption tax, which is not part of this bill but has been mentioned a number of times during the debate. The government has said that it is very generous because it gives 30 per cent of the point-of-consumption tax revenue to the industry, but I have been trying to find out the net benefit of the point-of-consumption tax to the industry. Since the government introduced the point-of-consumption tax, although 30 per cent going back to the industry is a good outcome and the most generous in Australia, RWWA and the WA TAB have also had to pay their own point-of-consumption tax, so is there a net benefit or a net cost? No-one has been able to explain that to me. I asked this question during the budget estimates hearings and the debate on the Betting Tax Bill 2018. Since the introduction of the tax, we are now six months down the track, so, surely, the government has a better idea of the net benefit to the industry. The

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answer is not “30 per cent of the collected tax”, because the Western Australian TAB and RWWA also have to pay it. What is the net benefit of the point-of-consumption tax to the industry?

Hon STEPHEN DAWSON: The member is correct in a number of things he has just said. I am advised that it is the most generous benefit in the country. He is also correct in saying that it is not captured by the bill before us. However, in the spirit of collaboration and wanting to assist the member and the debate, I am advised that there is a net benefit. Around one-third of the 30 per cent will be a net benefit. I am advised that in the 2019 year, the net benefit will be about \$7.75 million—so, about \$8 million—it will be roughly \$8 million in the year after and a little bit more in the year after that. That is the net benefit to industry.

Hon COLIN HOLT: In the spirit of generosity, I thank the minister. I never introduced the point-of-consumption tax into the debate; the government did when it talked about the overall benefits of this —

Hon Stephen Dawson: By way of interjection, it was mentioned and I certainly mentioned it in answering some of the contributions made by honourable members in this place. I am happy to provide answers to things I know about if I can help the debate.

Hon COLIN HOLT: I appreciate that. It has been sold as an overall package to the industry and some of the argument by those on this side of the chamber is about the benefits of the overall package to the industry. It is important. This is the first time we have heard some real figures around the point-of-consumption tax. It shows the industry that it is not a 30 per cent gross benefit; it is a 10 per cent net benefit, if you like, from that tax. That is useful information for the industry.

I have another question that reflects other issues, conversations and comments. We have a supplementary notice paper. If this chamber agrees to any amendments to the bill, what will happen to the bill? I have heard that it will not proceed beyond this chamber.

Hon STEPHEN DAWSON: I am told that the Treasurer has made public comments along the lines that if substantive changes are made in the upper house, he will not bring the bill back to the lower house.

Hon COLIN HOLT: It would be useful for the chamber to know what would be a substantive change before any amendments are debated?

Hon STEPHEN DAWSON: Obviously, I am the minister representing the Treasurer in this place; I am not the minister with responsibility for the legislation, so I can only go on what I have been advised. I cannot comment on what the Treasurer perceives to be substantive or substantial changes, but they are the comments he has made and that is all I can advise the member of.

Hon COLIN HOLT: I understand the position the minister is in. However, this is the house of review and there is an important amendment on the supplementary notice paper that we will be asked to debate and agree or not agree to, yet we do not know the consequences if it is accepted by the chamber. There has to be some indication from the minister about exactly what will happen if there is an amendment. Obviously, I am very supportive of the bill and I am supportive of the potential sale of the TAB, but there are some issues in the bill that I think need to be addressed. There is already a supplementary notice paper. If the minister does not give us some indication of what the showstoppers are in the bill, I am not sure how we are going to agree or not agree to any of the amendments. The minister has to give us some indication; and, if he cannot give it now, perhaps he could seek some information from the Treasurer’s office.

Hon STEPHEN DAWSON: I can advise that the Treasurer made those comments after a fairly lengthy consultation process with the sector. Since that time, I have certainly provided to the member and to the chamber copies of correspondence from a range of industry associations, jockey clubs, racing clubs and the like that have indicated their support for this bill as drafted and unamended. Given that the industry has supported this and is calling for a bill such as this to pass the Parliament so that it can have some certainty about its future, the Treasurer is of the view that the bill before us now has been drafted appropriately with the things in it that the industry wants to ensure that it survives and prospers into the future. That is where we sit at the moment.

Hon COLIN HOLT: I will put this to the minister. If the amendments on the supplementary notice paper were agreed to by this chamber, would that be enough to say that the bill will not proceed back to the other house?

Hon STEPHEN DAWSON: Honourable member, I cannot comment or answer that question. Obviously, this chamber will do what this chamber wants to do, and government will consider the piece of legislation that passes this place at that time. Certainly, I am aware, as the member is aware, that comments have been placed on the record previously that substantial changes to this bill will not be supported by government.

Hon COLIN HOLT: I know that the minister is in a representative role. However, representatives from the Treasurer are at the table. I am sure that the Treasurer is keen to watch this debate, because of the importance of this bill. We all recognise that. However, what will a substantive change mean to the bill if the minister will not take it forward? The minister needs to give the chamber some indication of what it will mean if we accept or reject

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amendments, because that may affect the bill itself. It is not unreasonable to ask the minister to give some indication of what the show stoppers will be as far as the minister is concerned. The minister is almost holding the industry and the chamber to ransom, in a sense, when he says that the government will not proceed with any changes to the bill. The minister should give us an indication of what that is so that we can accept it and move on.

Hon STEPHEN DAWSON: I will answer it in this way. I am aware that the Treasurer has made that comment in the context of the National Party's attempt in the lower house to amend the percentage from 35 per cent to 100 per cent. I suspect that if this place were to pass amendments that would undermine the agreement that has been reached between the government and the racing industry for its support of the bill, all those things would be substantial and could lead to government not progressing the bill. I also understand that if changes were made to the simulated racing elements of the bill, that, too, could lead to the non-progression of the legislation.

Hon COLIN HOLT: I have one more question to which I need to know the answer. Just to wrap that up, should we take the Treasurer at his word that if any amendments were made along the lines of the amendments that were moved by the Nationals in the other place, that would be enough to stop the bill?

Hon STEPHEN DAWSON: I am advised that would be a strong yes.

Hon COLIN HOLT: Thank you.

Hon ALISON XAMON: Further to this conversation, I also seek some clarity. I understand that the main point of contention from the Nationals in the other place was the overall percentage that would go back to the industry from the sale. Can I confirm that we are talking about the amendments which were moved in the other place and which the Treasurer indicated would be a deal-breaker?

Hon STEPHEN DAWSON: Although the Treasurer's comment was about the amendments that were raised by the National Party in the lower house, the fact remains that government is unlikely to proceed with the bill if substantial amendments are made that will undermine the agreement that has been reached between the state government and the Western Australian racing industry. Honourable member, in my reply to the second reading debate, in response to the contributions of a number of members, I tabled copies of correspondence from a range of racing bodies around the state, which indicated their support for the bill as drafted—that is, unamended. The sector substantially supports this legislation as it stands. My understanding is that if substantial changes are made, to not only the 35 per cent to 100 per cent, but also the simulated racing issue, that, too, might lead to government not progressing the bill.

Hon ALISON XAMON: I thank the minister for the further advice. I am going to take from that that nothing is certain about whether further amendments can be contemplated, and whether that means that the entire deal will be taken off the table. I also note that, really, it hinges on this issue of substantive change. I will reserve the rest of my comments on the amendments around simulated racing to clause 40, for which I have a number of amendments proposed on the notice paper, so we can discuss it further at that point.

Hon MARTIN ALDRIDGE: I want to clarify something the minister said in response to a question by Hon Colin Holt, just to make this absolutely clear. If the chamber were to make an amendment so that 100 per cent of the sale proceeds have to be returned to the racing industry and therefore none to the government coffers, there would be no reason that the government could see for it to continue with the support and the passage of this bill. To hear what the minister has just said, the only reason that the government is progressing this bill is to receive a 65 per cent return to the government coffers.

Hon STEPHEN DAWSON: That is obviously not what I said. What I said was that in response to the amendments that were moved by the National Party in the lower house that sought to increase that 35 per cent contribution to 100 per cent, the Treasurer indicated at the time that he would not support such a change and would be unlikely to progress the legislation. I did not say what the member has just said; I simply said that at the time, this is the comment that he made. However, since then, it has become apparent that the racing industry supports the legislation as drafted and unamended, and agreement has been reached between elements of the racing industry and the government. This chamber can move whatever amendments it wants, and obviously those amendments will be considered by the Treasurer, who is in a different place. I can only give the member the information I have before me. I certainly did not say 100 per cent.

Hon MARTIN ALDRIDGE: It is a reasonable conclusion, minister.

Hon STEPHEN DAWSON: I did not say that if we did not get our 65 per cent of that funding towards the women and babies hospital, the legislation would not progress.

Hon RICK MAZZA: Can the minister inform the chamber how the figure of 35 per cent was determined as the percentage of the sale price going back to the industry for infrastructure spending? Was there a business plan or some sort of plan in place as to where the 35 per cent came from? In addition to that question, because it kind of flows into that, in my briefing, the advisers said that Racing and Wagering Western Australia had a wish list of

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what it thought infrastructure spending should be for the industry. I have asked for a copy of that wish list, or an estimate of how much that would be, but I am yet to receive it. Can the minister advise what RWWA has on its wish list and the value of that infrastructure spending?

Hon STEPHEN DAWSON: I am advised that the 35 per cent figure was communicated to industry very early on as part of the conversations, and industry agreed with it. I think, from memory, when the last government was considering similar legislation, it was talking about 20 per cent being returned to industry, which approximated about \$100 million per annum. That was the figure a few years ago. Since then, time has moved on, and as part of the conversation, dialogue and consultation between the racing industry and Western Australia, this government put forward a 35 per cent figure, and industry agreed and was happy with that at that time.

The figure has been set at 35 per cent of net sales proceeds as a result of extensive consultation with the racing industry. The government considers it to be a fair split of the sales proceeds between the racing industry and the broader Western Australian community. This one-off allocation of sales proceeds to the racing industry in the form of an infrastructure fund is justified on the basis that it recognises that the racing industry is the key beneficiary of the TAB under current legislation and plays a large part in the leadership and development of the business via its representation on the RWWA board; therefore, an infrastructure fund remunerates the industry for a change in these arrangements. It will assist in ensuring that racetracks are of sufficient quality and condition to meet the racing industry's commitments to supply quality racing products under the racing distribution agreement with the operator, and it aligns the interest of the state and the racing industry to optimise sales proceeds. However, it is also fair that the balance of funds be returned to taxpayers and the general community in recognition of the sale of this state-owned asset and the issue of a social licence to operate the TAB business. As such, 65 per cent of the net proceeds of the sale will be paid into a special purpose account as a down payment for the planned new maternity hospital to replace King Edward Memorial Hospital for Women. The infrastructure fund will provide a significant one-off boost to rejuvenate racing infrastructure in Western Australia, but, as has been previously mentioned, it is not the only source of racing infrastructure funding. Racing and Wagering Western Australia, and the racing industry more generally, fund racing infrastructure investment out of ongoing revenue sources, and will continue to do so after the sale of the TAB. These revenue sources include profits from the TAB, which will continue to be shared with RWWA after the sale; the racing benefits levy, or race field fees, which have experienced strong growth in recent years; and, of course, the previously mentioned 30 per cent share of point-of-consumption wagering tax collections, which is the most generous racing industry share in the country. Of course, we have previously mentioned that RWWA has about \$80 million in the bank, and that money will stay with RWWA after the sale.

In relation to the infrastructure needs of the industry, my understanding is that we do not have a list. We do not have one figure for the priority infrastructure needs of the racing industry. I am advised that this will be a matter for the racing industry to determine, and that is why this bill charges RWWA, the state's principal racing authority, with the job of administering the racing infrastructure fund, including assessing priority needs and associated business cases. I do note, however, that the Western Australian Racing Representative Group, in its "...Racing Towards the 2017 State Election..." document, noted a backlog of industry requirements—around \$100 million. The racing infrastructure fund provides an opportunity for a significant boost to racing infrastructure funding in addition to other sources of funds to the industry.

Hon NICK GOIRAN: Following up on the useful line of inquiry started by Hon Colin Holt, I understand that the minister has indicated that the government will not bring the bill on in the other house in the event that there are any substantive amendments. By my count, no fewer than 19 amendments have been foreshadowed on the supplementary notice paper. Could the minister indicate to the chamber whether any of them are substantive?

Hon STEPHEN DAWSON: As a collective, honourable member, these proposed amendments will remove simulated racing from the package, and, as a result of the amendments in toto, it is my advice that the government would not bring forward the legislation if changes were made to remove simulated racing from the bill before us.

Hon NICK GOIRAN: Would that be the case if any of the 19 amendments were passed, or would it require all 19 to be passed for the government to veto the bill?

Hon STEPHEN DAWSON: It does not make sense to pass just one of the proposed amendments—they all go together; they are all attached in some way. For example, if this chamber voted down some of those earlier amendments, I would imagine that the member who placed these amendments on the supplementary notice paper would not proceed with the rest of the amendments, because they would not make sense in the legislation.

Hon NICK GOIRAN: The other criterion that the minister outlined, for the benefit of members to determine and have some understanding of the government's definition of "substantive amendments", was a reference to whether any such amendment undermined the agreement with the racing industry. Is the minister in a position to table the agreement?

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Hon STEPHEN DAWSON: There is no written agreement, but it was a part of the consultation on the bill. We issued a consultation paper, and, in fact, as I have previously mentioned, from that conversation, there were consultations right around the state on the bill. As a result of that, there is general agreement from the racing industry that the bill as it stands is one that it supports. The bill has all of the elements of the package that it thinks is needed for the racing industry for the future. Although there is no written agreement, there has been agreement of sorts as part of that consultation in that the industry is happy with what is in the bill before us.

Hon NICK GOIRAN: Minister, there is no written agreement. What are the terms of the agreement?

Hon STEPHEN DAWSON: It is the bill as drafted, honourable member. I have tabled it now and have referred to correspondence that has been received from a number of agencies and racing industry associations such as the Albany Racing Club, Gloucester Park Harness Racing group, Albany Harness Racing Club, WA Greyhound Racing Association, Toodyay Race Club, Bridgetown Harness Racing Club, Busselton Harness Racing Club, Nor West Jockey Club, Collie Harness Racing Club, Narrogin Racing, Collie Race Club, Pinjarra Harness Racing Club, Bunbury Turf Club, West Australian Country Harness Racing Association, Australian Harness Racing, United Harness Racing Association and WA Racehorse Owners' Association. Correspondence has been received from each of those organisations that have indicated their support of the bill as drafted and unamended. Although there is no written agreement between the state and those agencies, there is an understanding that the agencies are supportive of the package of changes in the elements in the bill as it stands. If those elements were to change, it is likely that the support of the racing industry would fall away, and so the government would then have to question whether it is warranted in moving forward with the bill.

Hon DIANE EVERS: I am pleased that the government has gone out to the industry and that it agrees to this bill as it is; however, I do not think the government has gone to the community. My understanding is that the community is completely against Trackside betting. Although I understand that it is not like pokies and the community has been against pokies for so long, as it has been explained to us, people can be involved in betting at other times of the day when there are no horseraces on and that this could very easily lead to further gambling, making gambling addictions worse. My concern with the sale of the TAB is how the value of this bill's introduction of Trackside betting compares with the increased costs of dealing with greater gambling addictions into the future.

Hon STEPHEN DAWSON: I have a different view from the honourable member about the consultation. From the information that I have received through briefings and otherwise, the consultation has been thorough. Does that mean that there are not a variety of views in the community? There are a variety of views! Obviously, we had some correspondence from a number of organisations over the past few weeks, including the Cancer Council, which said that gambling causes cancer, and other organisations. The consultation has been thorough and has happened over a number of years. There were 12 metro and regional consultation forums around the state. There were also 107 submissions received upon the publication of the discussion paper by the Department of Treasury, which explained the proposed sale framework and the key issues attached to the legislation. I have previously mentioned the difference. This is not like keno or pokies; it is very different. I put that on the record. People have to do the same thing with simulated racing as they would to place a bet on a race in a TAB agency. They need to go up to the machine, they need to pick a horse, and then the race happens. It is very, very different. With simulated racing, there will be safeguards around the number of races in a day and the duration of races. This is very different from pokies, so I have a different view from the member.

In relation to support around gambling, I am advised that significant resources are put into problem gambling at the moment and that there is capacity. I will place the details on the record. The Problem Gambling Support Services Committee contributes around \$760 000 each year for the provision of free help services. Some of that money goes towards a 24/7 helpline. A significant amount—\$525 000—goes to Centacare for face-to-face counselling. There is also 24-hour online help for gambling. In the year just gone, a further \$250 000 was spent on promoting these services. The WA government also provides \$500 000 each year to the financial counselling services program to assist people who experience financial hardship as a result of problem gambling.

I am also advised that in New South Wales and Victoria, which have a similar Trackside game in operation, about three to four per cent of their income comes from simulated racing, so it is a small amount. I think there is capacity in the system at the moment for the funding of problem-gambling services. It is my understanding and belief that if the simulated racing elements of this bill pass, there will not be a significant increase in problem gambling in Western Australia. The proof will be in the pudding—we will wait and see—but the evidence before me and the evidence from other states certainly indicates that.

Hon Dr STEVE THOMAS: I have a series of questions that I want to get through, but I am happy to break them up. Obviously, this is a very popular debate and a lot of members are keen to contribute. I wonder what odds we might get for getting through Committee of the Whole today. Perhaps the minister might give us the latest numbers!

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I would like to start by defining, to some degree, what we are talking about creating the legislative capacity to possibly sell. Members should bear in mind that if the correct deal is not put in place, this particular sale will not go ahead. In the briefing provided by various ministers—the Treasurer and others—we got some figures that I would like the minister to confirm. Hon Ken Baston and I were informed that there is a total of 327 TAB outlets in Western Australia at the moment, divided into 243 PubTABs and 84 service level 1 agencies, or SL1s, which are the standalone TABs like the old-fashioned ones that the TAB started life as. Of those 84 SL1 TAB outlets, 17 are in regional areas and 67 are in the metropolitan area. Before I break that down in a bit more detail, is there any chance that the minister could confirm that that is what the product we are talking about marketing to the marketplace actually looks like?

Hon STEPHEN DAWSON: I thank the honourable member for his question. In relation to the member's question earlier about odds, I am not a betting man, other than an occasional Powerball ticket on a Thursday night, perhaps a lotto ticket on the weekend and maybe even a bet on the Melbourne Cup. I might even bet on the Broome Cup if I get there, which Hon Ken Baston got to on the weekend. I am not going to give the member any odds, put it that way.

The member was correct about the number of TAB agencies in Western Australia. There are 327 betting agencies in operation throughout the state, of which 177 are located in the metropolitan area and 150 are located in regional Western Australia. The member is also correct when he says that there are 84 full-time betting agencies across the state, which are also known as service level 1 betting agencies. There are also 243 SL2 and SL3 agencies, which are the traditional PubTABs, or electronic PubTABs in some cases. I can give the member a breakdown of those. There are 51 SL2 betting agencies in the metropolitan area and 43 in regional Western Australia; and 59 SL3s—that is, electronic PubTABs—in the metropolitan area and 90 in regional Western Australia.

Hon Dr STEVE THOMAS: Minister, thank you for confirming that and for that additional information. Does the minister have any figures on the changes in that process over time? From my calculation, about 74.3 per cent—effectively, three-quarters—of TAB outlets are PubTABs or electronic PubTABs. I suspect that that number has changed significantly over the decades. There would have been more SL1 units previously, but there has been a shift in the process to fewer SL1 standalone units and there are now far more SL2s and SL3s—PubTABs and electronic PubTABs. I suspect that that is because there has been a change in the way that the community gambles on races. It might be the case that the serious, permanent and occasionally addicted gambler is as focused on the old SL1 units, but that for PubTABs, in particular, perhaps it is more about the experience, which includes hotel and other experiences as well as the PubTAB, which I might explore a bit. Could the minister just confirm whether he has those changes in the numbers?

Hon STEPHEN DAWSON: I do not have any figures in front of me.

Hon Dr Steve Thomas: You may be able to come up with them by the end of the debate, perhaps if someone has got them.

Hon STEPHEN DAWSON: To be honest, I do not know that they even exist, but we have made the request. If I can provide them for the honourable member, I will. However, the honourable member is correct that over the last couple of years, the number of traditional agencies—that is, SL1s—has decreased and the number of SL2s and SL3s has increased. I do not know the reason for that, but it is obvious that over the last few years, life has changed and mobile phones have taken hold. Technology has changed and it has brought services to places, particularly in regional Western Australia, where it might not have been viable to bring services to before. By having a PubTAB, or SL2 or SL3, in a pub, it has brought the service closer to people, but I cannot comment on who uses them or on whether gamblers use a certain kind. Everyone who takes a punt could be called a gambler, but there is no evidence to suggest that a certain type of person uses one over another. It is probably an issue of convenience. For traditional SL1s, people go to these places with a specific intention; whereas, for SL2s and SL3s, people may have ancillary reasons for going to these locations. When they are located in a pub, people who go for dinner or a few beers may decide to take a punt. It may be less likely that people go to those places just to bet, but there is no statistical evidence to suggest that and I cannot provide it. If there are any figures for that shift over the last few years, I will happily provide them during this debate. But if we cannot provide them during this debate, I will happily provide them behind the Chair at a later date, or to the Parliament in the future.

Hon COLIN TINCKNELL: I thank the minister for the information that he has given us today. Following on from a question on the proceeds of the sale and the value of the TAB, what is the main reason for that sale to go through now? Why has the sale come up now and not in the next term of government? What is the main reason for that sale having to go through now?

The CHAIR: Minister, to the extent that that question can be related to debate on clause 1, I give you the call.

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Hon STEPHEN DAWSON: Racing and Wagering Western Australia has written to the government essentially imploring it to get on with the sale now and to ensure that there is a quick resolution of the legislation by the Parliament to enable the sale to progress to the transaction phase. Any extended delays are anticipated to weaken interest by bidders in the wagering licence and further negatively impact on racing industry confidence at a time when participation across the three codes of racing is fragile. The industry has been calling for this sale for a number of years and, obviously, it was under consideration by the previous government, and now this government. We undertook significant consultation with the sector and made a commitment that we would progress the sale only if the sector were supportive of it.

There is a fear that, over time, without a package like this, the racing industry could well wither and die. As a regional member of Parliament, the member will acknowledge the important role, social or otherwise, that the racing industry plays in regional Western Australia, as indeed it plays throughout the state. It is a significant employer around the state, but particularly in regional Western Australia. There is a fear that if the sale does not happen now to take advantage of the current conditions, over time the value of the TAB will decrease and the money available to the racing industry could well decrease.

Hon COLIN TINCKNELL: Based on that scenario, the value of the TAB has probably gone down over the last two or three years. In answer to a question asked earlier by Hon Rick Mazza, the minister mentioned that the government came up with 35 per cent early in the piece. If it was considered early in the piece, that means the TAB was possibly worth more than it is now. Is it not commonsense to re-look at that 35 per cent figure, as a considerable amount of time has passed since the government looked at it “early in the piece”?

Hon STEPHEN DAWSON: The member is correct. The value probably has gone down over the past few years and certainly since the last government considered this issue. The government always envisaged that the time frame to progress this legislation would take the time it has taken thus far. We believe that the 35 per cent figure is a fair distribution to the racing industry. Of course, from the letters I have read out previously in this debate and in my reply to the second reading, significant elements of the racing industry in Western Australia believe that 35 per cent is the right figure and obviously support the bill as drafted and unamended.

Hon COLIN TINCKNELL: What was the date of those letters from regional racing clubs that the minister received? Was there a general time period when those letters were received? Were they received more recently or a couple of years ago?

Hon STEPHEN DAWSON: Obviously, that consultation commenced in about September 2017. Since then, a range of things have happened, including public consultation and those 12 fora around the state in regional Western Australia and in the metropolitan area. In relation to the letters of support from the industry, I received some of those in July this year, so they are weeks old. In the last one or two months, the industry has indicated to us that it supports the bill. In fact, there is a letter dated 5 August. Today is 20 August, so that was two weeks ago. It is probably two weeks today since it came to us. Two weeks ago today we had correspondence from the racing industry indicating that it believes the legislation before us is fair and reasonable and it supports it as drafted and unamended.

Hon COLIN TINCKNELL: My last question is: would the minister consider, for good reasons, an amendment so that slightly more than 35 per cent goes back to the industry—somewhere in the region of 45 to 55 per cent as a considered amount in the future?

Hon STEPHEN DAWSON: No.

Hon COLIN HOLT: Perhaps the minister would consider an amendment that provides for 35 per cent or \$150 million, whichever is greater?

Hon Stephen Dawson: By way of interjection, honourable member, I am not at liberty to accept such an amendment.

Hon COLIN HOLT: Of course the minister is not. Some figures have been thrown around. The Western Australian Racing Representative Group stated that there is \$100 million worth of infrastructure backlog. When I was the Minister for Racing and Gaming, I got correspondence from Racing and Wagering Western Australia in which it said that it wanted \$150 million as the baseline for an infrastructure fund. Given that we do not know what price the sale will fetch, perhaps it would be better to give certainty to the infrastructure fund with an allocation of 35 per cent or \$100 million, whichever is greater. That might be considered by the Treasurer to be a fair outcome for the racing industry, even though he has already said that he will not accept any amendments. However, the Treasurer himself has floated the figure of \$100 million. Perhaps we can write that into the legislation—35 per cent or \$100 million, whichever is greater.

Hon STEPHEN DAWSON: Honourable member, I am advised that we did consider including a floor and/or a ceiling on the infrastructure fund proceeds. The government concluded that having a straight-up percentage best aligns the interests of the industry and the community in achieving a high price. Industry understands the risk and

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agreed to that 35 per cent. Importantly, industry gets the benefit if there is upside as well. It is also important to not forget the other sources of value. They are that the industry gets all the leftover cash in the RWWA account at the time of the sale, which, at present, is approximately \$80 million.

Hon Colin Holt: Why shouldn't it?

Hon STEPHEN DAWSON: RWWA is a state agency at the moment. Some people say that it should not; all the proceeds should go to consolidated revenue, but, anyway, a decision has been made.

Hon Martin Aldridge interjected.

Hon STEPHEN DAWSON: People have said it, put it that way. People have different views from us, but certainly \$80 million is presently in that account. Of course, the ongoing product fee accounts for past infrastructure spending and there is also the point-of-consumption tax. The issue has been considered, but after consultation and consideration by government, the bill before us is where we have landed.

Hon COLIN HOLT: I take the minister to task for what he said. He is a representative minister so he has certain lines to say. It is clear to me from some of the inquiry, particularly that of Hon Rick Mazza, that when the government decided to consult with the industry, 35 per cent was the clear starting point and it was not going to shift from that. It has been clear from the beginning that it is 35 per cent—take it or leave it. The industry had nowhere to go. This is spelt out in Treasury's discussion paper, which was released on 29 June 2018. I covered this in my second reading contribution. It clearly spelt out that the government would establish an infrastructure fund of 35 per cent. That was the starting point, and evidence provided by the Minister for Environment and in the other place suggested that this was agreed to by the industry. On the back of that consultation paper, there is a letter from the code subcommittee chairs, which I read out during my second reading contribution. I am paraphrasing here, but they said that they agreed with moving forward with the sale. The letter then went on to say —

While early in the process and recognising the detail of any potential transaction is yet to be finalised, we are encouraged by the approach being taken and progress reached to date with this important issue.

We look forward to the next phase of determining the commerciality of the transaction and to validate that privatisation will be superior to existing arrangements.

But there is never any comment about accepting 35 per cent, as put up by the government at that time. I thought that the subcommittee would have said "Here is the starting point; here is our discussion paper. Thirty-five per cent is the way we are going to go." Through the consultation process maybe the subcommittee hoped that the industry would say that 35 per cent was not enough and that it would like a bit more. In his response to the second reading debate the minister said —

Hon Colin Holt put the case that RWWA is the main source of support for the bill, but implied that it is not necessarily representative of the industry. The government has received support from a broad cross-section of racing industry stakeholders, including specific support for the 35 per cent infrastructure fund. Submissions that support that arrangement were received from the Western Australian Racing Representative Group, Gloucester Park Harness Racing, the WA Greyhound Racing Association, the Greyhound Racing Committee, the Harness Racing Committee and the Thoroughbred Racing Committee.

That was in response to the discussion paper. The Greyhound Racing Committee, the Harness Racing Committee and the Thoroughbred Racing Committee are three signatories to the letter of support for the discussion paper. They wrote a letter saying they supported the approach that was being taken in the discussion paper, and then in response to the discussion paper they put in a submission to the discussion paper. That is a bit of a circular argument in my mind. Let us look at the submissions that went in. On 6 August there was a response from the chair of Racing and Wagering Western Australia who said the sale would be complex, but to keep moving along with it. Associated with the RWWA board submission is a PowerPoint presentation. It talks about the future of the WA TAB, the proposed framework, the transaction and implementation process, the point-of-consumption tax and racing industry models. It continues to talk about exactly all the sections of the initial discussion paper. This is the discussion paper put together by Treasury after consultation with RWWA. RWWA was involved with this discussion paper, but it put in a submission in support of the discussion paper, which is fair enough. As indicated by the minister, another body that made a submission about the discussion paper was the Thoroughbred Racing Committee. Funnily enough, its letter looks almost similar—I would say 85 per cent to 90 per cent of what RWWA said—and in actual fact it included a PowerPoint presentation that looks exactly the same as RWWA's. The Harness and Greyhound Racing Committees did exactly the same thing. The Western Australia Greyhound Racing Association also did exactly the same thing. The evidence delivered to us is that there is broad agreement from the industry to this 35 per cent, but in fact it is a circular argument, with the same people who put together the discussion paper putting in submissions to say they agreed with the discussion document they had input to.

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It even gets a bit more interesting, because the Western Australia Greyhound Racing Association is a statutory body of government that reports to the minister, and all the board members are appointed by the minister. We have to ask how independent the association was in giving the tick of approval to the 35 per cent of proceeds when it reports directly to the minister and its board members are appointed by the minister. A discussion document was put out by Treasury after consultation with industry, and most of the submissions by industry bodies make a circular argument, because those groups support the discussion document. Of the other 90 submissions from individuals—this is the evidence that was put forward as broad industry agreement to the deal—seven were confidential and of the other 83, 75 were from TAB agents. They have a distinct role in it, but they never mentioned the infrastructure fund because they are really interested in how they will be looked after in any outcome of the sale process. Good on them for getting 75 out of the 83 submissions into the system. Of the other eight submissions, four were against the sale, one was opposed to simulated racing, one expressed general concerns, one gave general support, and the other one said, “Actually, we want 50 per cent for a raising infrastructure fund”. Yet this has been presented as evidence of general support from the racing industry for this package. I would say that the industry has had no choice but to support the package, because it is, “Here’s the 35 per cent; take it or leave it.”

In the minister’s reply to the second reading debate he introduced some new information to the debate—a list of letters of support from various race clubs—and he was kind enough to table them. The point here is that they are almost form letters and, interestingly, they all came after the debate in the Legislative Assembly. What happened between the debate in the Legislative Assembly and the bill coming to this place? If there is so much evidence of industry support for the 35 per cent and for the bill, why was that not presented during debate in the other place?

I will tell members what happened between the debate in the other place and the debate in this place: Racing and Wagering Western Australia decided it had better conduct some outreach industry consultation on the TAB (Disposal) Bill 2019. It ran a series of outreach workshops from 12 July to 1 August—after the passage of the bill through the other place, but before debate on the bill began in this chamber. All these letters were received after that date and after the consultation process. We can only assume that RWWA has gone around and said, “Geez, we’re lacking a bit of evidence here to say that the industry supports the passage of the bill and in fact, doesn’t want to see it changed, because that’s what we’ve agreed to and that’s what the government wants. We’ve all along had to agree to it because the government’s said, ‘Well, if you don’t agree to the 35 per cent, there ain’t no deal on the table.’” So RWWA had to go running around.

Although the minister points to this as being evidence of general support for the sale process going forward unamended, we have to question the process by which this information was gathered. I received letters from some of these very groups, before the consultation process took place, to say, “We agree with the Nats. We don’t think we’re getting enough out of the proceeds.” Then there was a round of consultation by RWWA and some of the industry, who said, “Actually, you’d better agree to it.”

The CHAIR: Hon Colin Holt.

Hon COLIN HOLT: Thank you, Mr Chair.

Racing and Wagering Western Australia and the industry said, “You’d better agree to it, because this is all the government is offering.” I think it is absolutely clear that there is very little evidence of support from the broader industry. If the best the government can point to is a circular argument around the discussion document and some letters sent from individual race clubs after the passage of the bill through the other place, I think the evidence is seriously lacking. It is clear to me that 35 per cent was all that was ever put on the table and was the only outcome the government offered the industry. It said, “If you want to move forward with the potential sale of the TAB,”—as it needs to; we all agree with that—“then you can expect that 35 per cent is all you’re going to get from it.” Although I understand the minister has some challenges with prosecuting that argument, I say to the chamber that it is a predetermined outcome and that no matter what we talk about in this place, it will not change because the government was never going to shift; from its very first discussions with industry, it said “35 per cent’s it; you’d better accept it.”

Hon STEPHEN DAWSON: Just a couple of things in relation to the honourable member’s comments. He was talking about the minister controlling the Racing and Wagering Western Australia board. I just make the point —

Hon Colin Holt: I said the Western Australian racing industry.

Hon STEPHEN DAWSON: Sorry, I thought the member said the RWWA board. I was going to make some points about that. The member is correct; RWWA did undertake a communications campaign with the industry, and said to the industry that if it supported the legislation, it should let us know. I am aware that the honourable member also wrote to the industry, saying that he wanted to convince the McGowan government that all the proceeds from the sale of the TAB must stay in the industry, and that the industry could only achieve this with the honourable member’s backing and support. I am aware of one letter that was received about that, in which people said that it should be more than that, but I am also aware, as the honourable member is aware, of letters received

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from a range of racing industry organisations saying that they supported the legislation as it stands, and did not support the amendment. There is no conspiracy behind it. The industry is supportive of this measure, and while the member may be disappointed with the industry for saying so, the fact is that the vast majority of the industry support the bill as it stands and supports the 35 per cent figure. I thought that the member referred to the RWWA board, and I was going to respond to that, but I will leave that point.

Hon COLIN HOLT: I do not think that there is any conspiracy theory. All I have been saying is that that was the only deal that was put on the table for the industry to accept, and to say that consultation has been extensive—it may well have been, but the government said that this was the starting point and it would not shift from that. That has been the whole point, and if the industry wants to buck the system, the government will just not worry about proceeding with that. It was 35 per cent—take it or leave it. It has got to the point at which RWWA, in the initial consultation, had to agree to that, and the industry was left in no position to negotiate, because the clear message from the government was that 35 per cent was all the industry was going to get, and it should not pursue anything else. The industry view is that the government could have been an absolute hero for the industry if it had been a little more generous about dividing up the proceeds. The government could have been the hero, and set up the industry for 50 years to come, as RWWA was searching for when I was the minister. It saw the potential to set the industry up for 50 years. As it is, I can only say that there was never any real consultation about the outcomes. It was about 35 per cent—take it or leave it—and the industry had to line up. There is also the golden rule that whoever holds the gold makes the rules. I would say that that is what has happened here. The government has said it would proceed with the sale, and the industry would get only 35 per cent of the proceeds. No matter what the minister says, that is the deal that has been done, and that is why the industry now has to agree to those terms, because it knows, as we established earlier in this clause 1 debate, that any change means that the bill does not proceed. Where is the industry left then? It has nowhere to go, because it understands, as we all understand, that the Western Australian TAB has to look at how it might deliver a different model for the industry. That is where the issue is. These guys want to test the market, but it would do so under the government's rules of 35 per cent.

Hon STEPHEN DAWSON: I have one further response to that. I am not going to make Hon Colin Holt happy. He has a different view from mine and a different view from that of the government. He also has a different view from the majority of the racing industry.

Hon Colin Holt: I don't agree with that.

Hon STEPHEN DAWSON: I have presented copies of letters to this place showing the support of the racing industry and all racing clubs for this issue. That 35 per cent figure was discussed with industry long before it was put into the consultation paper. Long before the consultation paper included that 35 per cent figure, it was discussed with the industry, and the industry was on the same page and initially supported it. It was not a take it or leave it; it was a conversation with the industry about the principles of what the package should include. There was a conversation at that stage about whether there should be a cap, and the industry's view was that we should not make it a cap, but rather a pure percentage, so that our interests were aligned in optimising the price accruing from the sale. We will have to agree to disagree, but I have provided the house with evidence, in the form of feedback from racing clubs, racing associations and organisations in this state showing their support for that 35 per cent figure.

Hon COLIN HOLT: I appreciate the minister's commentary, but he has shown no evidence of what he thought the package would look like in the early stages before landing on the 35 per cent. All he has ever provided is some evidence post—the 35 per cent being agreed, especially the circuit argument by the same group of people who put the discussion paper together, saying that they like it, and then putting in a submission saying they like it. They are the same people. The only evidence the minister has provided post—that is from race clubs who decided that they had better get together to ensure the passage of the bill because they know that is the only way to test the market for the sale of the TAB. No evidence has been presented that the 35 per cent was up for negotiation at the very early stages. We have seen no evidence of that. All we have seen is evidence post—that. The minister must agree that it looks like a take-it-or-leave-it 35 per cent.

Hon Dr STEVE THOMAS: I want to come back to the infrastructure fund in a separate line of questioning.

I take the minister back to finish what I was saying previously about the structure of what we are trying to fund. We have jumped around since. To quickly refresh the chamber, we are basically saying that three-quarters of the TAB gambling industry the government is looking at putting on the market place effectively involves PubTABs.

Hon Stephen Dawson: I don't think it was three-quarters. I think it was about two-thirds.

Hon Dr STEVE THOMAS: Minister, if it was 243 out of 327, it is 74.3 per cent.

Hon STEPHEN DAWSON: I am advised the member is correct. I was thinking of the figures I had in front of me.

Hon Dr STEVE THOMAS: Maths is kind of my thing.

Hon Colin Holt: It's two-thirds of the wagering industry.

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Hon Dr STEVE THOMAS: Yes, two-thirds of the wagering industry. Basically, three-quarters of the outlets are, effectively, PubTABs. The minister might be able to explain how a PubTAB reflects its payment back to the TAB under the auspices of Racing and Wagering WA. Do they pay a licence component or is it just turnover or a portion of turnover? How much control does TAB have over the process? Three-quarters of the TAB that we are looking at selling is, effectively, in private hands now. I think there has been a change from government-run service level 1 TAB units to PubTABs. Over the last 30 years that I have been involved in the industry, in my view, both Labor and Liberal governments have been slowly privatising the TAB by shifting from the TAB-controlled units to PubTABs. I think as a natural progression, we are selling off a government-managed asset that has been three-quarters privatised over the last 30-odd years. If that is the case, I think it lends weight to the argument that we are simply taking the next step to complete the process. I am interested to see the number the minister has about how PubTABs in particular reflect their payment through the TAB—how it gets its benefit. I think it is the next step of this kind of surreptitious privatisation process that has been in train for decades.

Hon STEPHEN DAWSON: I am advised that PubTABs get a percentage commission of the revenue. RWWA pays for the infrastructure; it puts the infrastructure into the PubTABs. The pubs provide the real estate, essentially, but the pubs do not operate the TABs, they just host them. They get a percentage based on the profits.

Hon Dr STEVE THOMAS: Can we assume that that process will be written into the contract; that is, the pub will provide the venue and take a cut off the top, as it were, but the operator of the TAB will own just the machines themselves?

Hon STEPHEN DAWSON: I am advised that the contracts the pubs have with RWWA will simply be transferred to the new operator.

Hon Dr STEVE THOMAS: I will move on to the debate about the infrastructure fund, which is remarkably interesting and, I think, needs to be teased out fairly carefully. At a superficial level, it appears as though an infrastructure fund will be developed using 35 per cent of the proceeds of the sale of the TAB to provide infrastructure for racing in Western Australia. I have been involved in the industry for a long time, and my memory tells me that a large number of infrastructure projects have occurred over the last 30 years with significant input from RWWA. I went to the RWWA consultation in Bunbury, which I am sure the government is aware of, and it was the second meeting of the day at which the racing industry of the south west had been called together. The first meeting was to discuss a major infrastructure project to upgrade Bunbury Turf Club, into which RWWA was going to put \$18 million. To my memory, that is not the first time that RWWA has put money into infrastructure projects. Maybe the minister can give us some indication of whether that is the case.

Can the minister also give us an indication of whether capital expenditure for the racing industry has been provided by government outside of the TAB–RWWA process? Has any royalties for regions or consolidated account money gone into the racing industry? Has the racing industry been the beneficiary of funding from other government sources? The debate will be to find the right percentage for the racing industry and whether it is 35 per cent. We might get into a debate in which we play with the numbers, and I want to make sure that what we are debating is not all the capital expenditure that will go to the racing industry.

It would appear that this infrastructure fund will be the great saviour of the racing industry for capital expenditure. Does capital expenditure come from other sources? I have a memory of additional funding for infrastructure projects in the racing industry occasionally being an election commitment. That must have occurred before this sale was even mooted. I am interested to hear whether the minister can provide any numbers—before the end of the debate even—on how much revenue has come from all the different sources that fund racing infrastructure in Western Australia to work out whether this 35 per cent is critical because it will be the only infrastructure funding that will be forthcoming. We can then debate the various sources from which it might come in the future, which I think is also important. If infrastructure funding has been provided from the general revenue received by RWWA, will that stop when there is an infrastructure fund? Will funding that might have come from other sources, such as the consolidated account, general government sources, or royalties for regions, stop when there is an infrastructure fund? That will have an impact on what the percentage should be. The racing industry will obviously say that more is better. I do not know any industry that, if asked whether the government should give it this much money or more money, would ask not to get more money.

Hon Colin Holt: That's what's happened!

Hon Dr STEVE THOMAS: Theoretically, yes. As Hon Colin Holt said, maybe there are a few dissenting voices in the room who, if more money were available, would ask to be given more money.

The reality is that we need to get a handle on where the money has come from and gone to historically. As I said, it is a bit like the debate about who is using service level 1 TAB standalone units and who is using PubTABs. I do not want to refer to my memory, because that would demonstrate how often I have gone to SL1 TABs and pubs,

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and I do not think that is necessarily a healthy debate for the chamber. My memory is of those changes. I would be interested if the minister could provide figures on where capital infrastructure funding has come from over time.

Hon STEPHEN DAWSON: I cannot give the member figures about where capital infrastructure funding has come from over time, but Racing and Wagering Western Australia has certainly put money into infrastructure in the past. Perhaps over the years, some grants or funding has been provided and some royalties for regions money may well have been provided over time. That has been provided previously by different agencies. There may well have been other ad hoc payments by government historically to the racing industry or to racing clubs.

I make the point again that we cannot just look at that 35 per cent by itself. It is the whole package that the industry is happy with.

Hon Dr Steve Thomas: That's kind of what I'm saying when I say that it comes from other areas as well.

Hon STEPHEN DAWSON: It is not just that 35 per cent that could be spent on infrastructure. We conducted thorough analysis and extensive consultation to arrive at the agreed position with the racing industry. Beyond the agreement to allocate 35 per cent of the up-front sale proceeds to the racing infrastructure fund, the principles and parameters that have been agreed with the racing industry will ensure that the ongoing year-to-year funding of the racing industry will be secured via contractual agreement with the new wagering operator on a "no worse off" basis, with Racing Western Australia performing the functions of the principal authority in managing the distribution of funding back to racing clubs. The racing industry will receive incremental benefit over and above the "no worse off" funding resulting from the inclusion of simulated races within the authorised product mix of the new wagering operator. The racing industry will benefit from greater autonomy in the setting of race field fees. The racing industry will continue to receive the agreed 35 per cent allocation of revenue derived from the new point-of-consumption wagering tax. Of course, as I have mentioned previously, RWA will retain its cash at bank, which is around \$80 million currently. It is the whole package, which will mean that there is money to be spent on infrastructure into the future.

Hon Dr STEVE THOMAS: I will pass back in a moment. That was the read-off political response, and I understand that. But I think I am helping the minister's cause, not hindering it, with my contribution.

Hon Stephen Dawson: Say it again and say it loud!

Hon Dr STEVE THOMAS: Obviously, if government goes to any industry and says, "We'll give you some" and someone says, "We think you should get more", no-one ever says, "Don't give us more." I am saying that there are other mechanisms by which the racing industry has historically received additional funding and I would think that those mechanisms would still be available in the future, but that is what we have not got from the answer. There is nothing to stop the racing industry saying to government, "You gave us 35 per cent of the sale price and we've put that into a fund." If the sale price was \$300 million, optimistically just to use a round figure, about \$100 million would be sitting in that fund and it would be using the interest from that. Right now, the interest on most funding is not very big. However, the fund would be available. I think in the short term it will have to eat into the capital amount to have any significant expenditure. What I am suggesting to the minister, and need confirmation of, is that there is nothing to stop the racing industry seeking from government, in whatever form that is—hopefully, it will be us sitting on the other side of the chamber—additional funding for capital infrastructure for major events. Discussion about the racetrack in Perth was raised during the second reading debate—I forget which honourable member raised it; it might have been Hon Colin Holt—and about how significant money might need to be spent on it. My comment in response to that is that probably the entire \$100 million capital fund will have to be spent. If Belmont racecourse was going to be upgraded, industry would probably have to go cap in hand back to Treasury again, irrespective of the amount in the fund. What I am looking for the minister to suggest to the chamber is that these other mechanisms for the funding of capital and infrastructure works have existed in the past and will exist in the future and, on top of that process, the government will have 35 per cent of the sale price of the TAB sitting in an independently managed Racing Western Australia-managed infrastructure fund.

I understand the concept that if RWWA manages a separate industry fund, it will be easy for government to say, "You've got your fund, so don't come cap in hand to us." However, I also understand that it would then be up to the industry, and its negotiating ability and public perception, to say, "The fund is not sufficient to do the job that's required; we need government to step up to the mark." I am asking the minister to reassure this chamber—as part of the debate about whether 35 per cent is adequate or whether it should be 45 per cent, 50 per cent or 100 per cent—that those mechanisms will continue to exist. The minister is proposing that a percentage of the profit from the sale of the TAB will be retained in the racing industry. Ideally, that component will be cost neutral. On top of that, 35 per cent—which hopefully will be over \$100 million—will go into the infrastructure fund. Theoretically, that will be on top of what exists currently. The argument about whether that is too small, will very much depend upon the capacity of the racing industry to go back to government and say, "It's not large enough;

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we don't have sufficient funds", or, "Something has happened at one of our racecourses, and we will need to build a new one", or whatever the argument may be. I seek some reassurance from government that those mechanisms will continue to exist. I know that Treasury never gives out money unless we twist its arm and break its leg. It is not the role of Treasury to give away money. However, I need reassurance that mechanisms will continue to exist to enable the racing industry to seek funding on top of the 35 per cent infrastructure fund, which will be its alone to control and spend.

Hon STEPHEN DAWSON: I am very happy to give the member that reassurance. The member is correct. In the future, there will be nothing to stop the racing industry from coming to government and asking for funding. There will be nothing to stop the racing industry from seeking election commitments from political parties about racing infrastructure. There will be nothing to stop the racing industry from lobbying government to access funding from royalties for regions, for example. There is nothing to suggest that the mechanisms that have existed historically and that exist currently will not exist in the future. Therefore, the member is absolutely correct.

Hon COLIN HOLT: I thought I had finished my contribution to the debate on clause 1, but the comments from Hon Dr Steve Thomas have forced me to rise. The missing point in his argument is the infrastructure needs of the industry. We have been pursuing this matter for some time. I have asked about this matter in questions, in estimates, and in briefings, and never have I been given any indication of the infrastructure needs of the industry.

Hon Stephen Dawson: You have obviously asked the racing industry by letter about its infrastructure needs. What feedback did it give you? Can you enlighten us?

Hon COLIN HOLT: I will tell members a story, if they want to know. I asked the Minister for Racing and Gaming whether he would give me a list of the infrastructure requirements of the industry. The answer I got back was, "That's a matter for the industry." I do not know about the Minister for Environment, but I think that was a really pathetic answer. The minister responsible for the racing industry could not give me an answer about the industry's infrastructure needs. All he could say was, "That's a matter for the industry." So, guess what? I wrote to the industry and asked, "Can you please tell me what your infrastructure needs are?" I got back some critical information from the racing clubs about what they need. I can dig out those letters and table them if the minister likes. The reason I have this information is that RWWA was here three months ago, and I delivered this information to it. I know that RWWA has been doing an audit of the industry's infrastructure needs. However, no-one wants to release information that would give us the ability to say 35 per cent is good, but—you know what?—50 per cent would be better. The reality is that this infrastructure is critical to enable the racing industry to operate. For example, I got a letter from a gentleman in York who helps maintain the tracks. He outlined that his infrastructure needs were sprinklers, mowers and new rails. That is critical infrastructure that the racing industry needs. Guess what? It is also critical infrastructure that the wagering operators need. If they do not have decent tracks, correct running rails, and occupational safety and health measures, they cannot run a race, and the incoming operator will say, "There's another race meeting I have missed out on."

In actual fact, the 35 per cent might be a good deal; however, 50 per cent would be better, because we will have to deal with an infrastructure backlog, even though we do not know what it is, because no-one will tell us. We might have got a better price for the outlay of the TAB, because a potential purchaser would say, "Look at this—the government is investing in the ongoing maintenance and ability for the industry to run races, and I am buying the ability of the industry to run races, and I am buying the ability for people to walk into a retail outlet and bet on those races." We have short-changed the industry. Now that those critical clubs are going to be a priority, I wonder where the poor old York racing club is on the priority list? I reckon it is probably pretty low, considering the number of mouths to feed. But if we fix that up, if and when the TAB is sold, the incoming operator would say, "You beauty! They've fixed those infrastructure needs, now I know I can bank on the eight meetings at York." That is the issue we have dealt with, but we never get any information on what the infrastructure backlog is, so we cannot make a judgement on whether 35 per cent is sufficient.

Hon STEPHEN DAWSON: We do not have a list from the industry, honourable member. The list does not exist.

Hon COLIN HOLT: It does exist; the minister just does not want to ask Racing and Wagering Western Australia to get it.

Hon STEPHEN DAWSON: I am advised that the list does not exist. We do not have a list of the racing industry backlog. In relation to the member's comment that the racing industry has been short-changed, I certainly do not believe that the racing industry has been short-changed by this package. The feedback I have had from a variety of clubs is that they are happy with the package that is before us. They think that it is good for the industry, and I am certainly supportive of that.

Hon COLIN TINCKNELL: If the minister had a list that added up to more than 35 per cent, would he be prepared to look at an amendment?

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Hon STEPHEN DAWSON: No.

Hon NICK GOIRAN: I am tempted to participate in the very interesting discussion that is taking place at the moment because I find it quite something that this government says that it does not have a list of the infrastructure needs of the industry. It does not sound plausible. It is not believable that any government department would not know the infrastructure needs of its sector. It would be a little bit like the Minister for Education and Training not knowing the infrastructure needs of the education sector. I cannot imagine that would be the case in education, I cannot imagine that would be the case in health, so why is it okay in the racing industry?

Hon Stephen Dawson: By way of interjection, it is because the government does not control the clubs. Unlike the hospital system, and, indeed, the education system, where the government runs those things, the government does not control each of those individual clubs.

Hon NICK GOIRAN: As a result of that, it is left to the likes of the hardworking Hon Colin Holt to run around and do the consultation—why? It is because nobody in government, despite its massive resources, wants to spend one moment of time doing that massive consultation. Poor Hon Colin Holt and his mere allocation of two hardworking and very valuable full-time staff are expected to do the consultation that government refuses to do. I find that extraordinary. It is no wonder the members who have been contributing are exasperated by the approach taken by this government.

That brings me to some questions that I would like to ask in respect of clause 1. I will begin with the issue of anti-money laundering. Could the minister indicate what anti-money laundering measures are presently in place with the TAB?

Hon STEPHEN DAWSON: I am advised that this relates to a later clause. The adviser will tell me which clause it is at, and we can provide that information when we get to that clause. It might take us some time.

Hon NICK GOIRAN: I indicate that I am quite happy to defer my questions on anti-money laundering provisions if the minister can indicate to me the clause, either one or plural, that deals with that.

The DEPUTY CHAIR (Hon Adele Farina): Hon Dr Steve Thomas.

Hon Dr STEVE THOMAS: Thank you, Madam Deputy Chair—excitement in the chamber! Taking on board and following on from the comments from Hon Colin Holt, who has been looking for a required infrastructure list for the racing industry in Western Australia, I accept that the government says it does not have one. I suggest that one of the first things Racing Western Australia, or Racing and Wagering Western Australia in the meantime, should do is develop it.

Hon Colin Holt: They've done that.

Hon Dr STEVE THOMAS: Apparently the government does not have it, so surely it would be a matter of priority that the government put its hands on one as quickly as possible, because it is the first obvious step. Having said that, I understand that every time the minister is asked for an investment list—obviously, some of that list is essential investment and some of that list is perhaps a little opportunistic—the government will have to search for genuinely required investments and, effectively, petunias-in-the-main-street investments. I would be interested to see how the government progresses with this, because surely one of the first things that Racing WA would do is come up with the required infrastructure list.

I am also interested to know how the minister will measure the success or failure of that infrastructure fund. At what point will the government suddenly realise that it needs to put additional infrastructure spending into the system, whether it is into that fund or simply by other means through normal government processes? If, for example, an existing Western Australian race club can no longer host races because its infrastructure is deemed inadequate, will that be a potential trigger for additional investment? Will there be an onus on Racing Western Australia to ensure that existing racetracks and race clubs are able to continue? It is a really interesting question, because the industry itself has changed over time. Where there were races consistently, particularly in a lot of country towns in Western Australia—it is not just a Western Australian issue; it occurs Australia-wide—the racetracks no longer host racecourses, so there is natural attrition in some of those cases. The bigger races tend to attract bigger crowds and it becomes as much about the day out as it does about the races themselves, for those of us who have been to some of those more country meets, as it were. At some point the government will need some form of policy about how much of the existing racing industry it is determined to keep in the system. Whether it is a RWWA policy initiative endorsed by government or a government policy, at some point the minister will have to indicate to us as a Parliament the government's position on keeping going those little racecourses that meet occasionally, such as Busselton, which I think is down to one race event a year. It has history —

Hon Colin Holt: Are you talking about the trots?

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Hon Dr STEVE THOMAS: Yes, the trots.

Hon Colin Holt: No, they've got more than that.

Hon Dr STEVE THOMAS: It is not many, though. It was half a dozen and it continues to drop.

At what point do we say that there is a substance or economy-of-size issue and the government will have to step in? Can the minister give us any reassurance that if it is not a debate about how much of the sale goes into this infrastructure fund, at what point will the government step in to support the industry above and beyond that particular fund?

Hon STEPHEN DAWSON: Obviously, we recognise the value of country racing, and, as a member of the Mining and Pastoral Region in this place, I certainly do.

Hon Dr Steve Thomas: Did you make it to the Broome Cup?

Hon STEPHEN DAWSON: No, I did not make it to the Broome Cup. We had a community cabinet meeting that Hon Donna Faragher came to, so I was not able to go to the Broome Cup on the weekend. But I did get to be in the same room as Hon Donna Faragher at the meeting on the weekend.

The government has no intention of providing extra infrastructure funding outside this process. I said earlier that the opportunities that exist will remain available into the future, so racing clubs will still be able to seek grant funding through royalties for regions, but we have not quarantined money for racing infrastructure outside of the bill that is before us. RWA will be responsible for allocating money in the best way possible for the industry in the future. It is not expected that country racing will be negatively impacted as a result of the TAB sale, because Racing Western Australia will continue to have responsibility for the oversight and funding of the racing industry, including regional racing clubs. Under the racing distribution agreement, RWA, in consultation with the TAB operator, will continue to develop the annual racing program and the operator will be required to offer wagering products on all races on that program whether it is metropolitan or country. In addition, section 8 of the Racing and Wagering Western Australia Act requires that at least one member of the RWA board has knowledge of, and experience in, regional development; subsection 35(1)(b) of the RWA act includes a function for RWA to foster the development of metropolitan and country racing in the interests of the long-term viability of racing; and under section 13 of the Racing Restriction Act 2003, the minister is able to issue a direction to RWA, as the minister thinks fit, if a change to the racing program results in a reduction of thoroughbred or harness race meetings outside of the metropolitan area. Therefore, there are some safeguards in place. At the end of the day, if, for some reason, someone decided that a race in a regional community would not go ahead, there would be an uproar, and quite rightly so. For example, if the Roebourne Cup was no longer to be run, there would be an absolute uproar and there would be political pressure and all sorts of other things, and I dare say people would change their tune. The organisation can make those decisions now and it can make them in the future as well, but I cannot sit here and guarantee that every race meet that currently happens in Western Australia will always happen in Western Australia, because other things come into play. Certainly, there is no intention for the passage of this bill to have a negative impact on the regional racing community.

Hon Dr STEVE THOMAS: I looked it up, Madam Deputy Chair. Five races are scheduled at the Busselton trots for five nights in 2020. It has come and gone a bit over the years. It is currently sitting at five nights.

Reflecting on the minister's answer and accepting that, effectively, people can go to the government but there is not necessarily a trigger point, and obviously that then leaves everybody in a position of going back to lobbying, which is where we are now, is the minister saying that there really is no effective trigger within government to say that at this particular point, more money comes in?

Hon STEPHEN DAWSON: There is not.

If I can go back to the issue that Hon Nick Goiran raised, my advisers tell me that the member could have asked his question at clause 129, which —

Hon Nick Goiran: Sorry, which number?

Hon STEPHEN DAWSON: It is clause 129. I have now been provided some information, so I can answer the question that the member asked. RWA follows this policy: the commonwealth's Anti-Money Laundering and Counter-Terrorism Financing Act requires the collection and verification of customer identification information, and this applies to all wagering operators. The legislation is administered by the commonwealth's Australian Transaction Reports and Analysis Centre—AUSTRAC. Although betting is not reportable under the AMLCTF act requirements, the depositing, withdrawal and payment of winnings is reportable on all transactions of \$10 000 and above.

Extract from *Hansard*

[COUNCIL — Tuesday, 20 August 2019]

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Deputy Chair; Hon Colin Holt; Hon Stephen Dawson; Hon Alison Xamon; Hon Martin Aldridge; Hon Rick Mazza; Hon Nick Goiran; Hon Diane Evers; Hon Dr Steve Thomas; Hon Colin Tincknell

RWWA advises that it has robust processes for the collection and verification of customer identification information and for the reporting of transactions of \$10 000 and above and suspicious transactions. That hopefully answers the member's question on anti-money laundering measures.

I think the reason the advisers referred to later in the bill was that these questions were deferred until later in the bill during the debate in the lower house. It is my understanding that clause 129 of the bill talks about the deletion of part 5 of the RWWA act, with part 5 being about specialised functions in relation to wagering. It was as a result of that that they suggested the question could be asked later. Obviously, I am very happy to provide that answer at clause 1 for the member.

Hon NICK GOIRAN: I thank the minister for referring me to clause 129, which does one thing—it deletes part 5. I note the explanatory memorandum reads —

This clause deletes Part 5 headed 'Specialised functions in relation to gambling' and comprising sections 50 to 65. Part 5 relates to RWWA's wagering functions which it will no longer undertake from disposal of TAB assets and once the first wagering licence commences.

Do I take it from that that the anti-money laundering measures that are presently in place for the TAB will be deleted by virtue of clause 129?

Hon STEPHEN DAWSON: I am advised that the current commonwealth provisions will apply to any new licensee in the future.

Hon NICK GOIRAN: If the anti-money laundering mechanisms are going to apply to the new owner, as they do at the moment to the current owner, why is it necessary to delete part 5? What, then, is the foundation for the anti-money laundering mechanisms remaining for the new owner?

Hon STEPHEN DAWSON: I am advised that the bill does not deal specifically with anti-money laundering compliance by RWWA; that happens under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, which is commonwealth legislation.

Hon NICK GOIRAN: Let us make sure that we are talking about the same thing. My original question was: what anti-money laundering measures are presently in place for the TAB? I was momentarily told that that question might be best asked under clause 129. We now find that clause 129 simply deletes part 5. I will go back to the original question: what anti-money laundering measures are presently in place for the TAB?

Hon STEPHEN DAWSON: As I have previously outlined, they are commonwealth provisions under the Anti-Money Laundering and Counter-Terrorism Financing Act. That legislation requires the collection and verification of customer identification information. This applies to all wagering operators. It applies currently to the TAB and will apply to whomever takes over the TAB should the TAB eventually be sold. The legislation is administered by the commonwealth's Australian Transaction Reports and Analysis Centre, or AUSTRAC. Although betting is not reportable under the anti-money laundering and counterterrorism financing requirements, the depositing, withdrawal and payment of winnings is reportable for all transactions of \$10 000 and above. I am further told that RWWA advises that it has robust services for the collection and verification of customer identification information for the reporting of transactions of \$10 000 and above and for suspicious transactions.

Hon NICK GOIRAN: Who is responsible for enforcing those commonwealth anti-money laundering provisions?

Hon STEPHEN DAWSON: My advisers tell me that the Australian Transaction Reports and Analysis Centre is responsible.

Hon NICK GOIRAN: Have any successful enforcement proceedings taken place for matters under the Western Australian jurisdiction?

Hon STEPHEN DAWSON: I am advised that we do not have that information.

Hon NICK GOIRAN: It strikes me that at the moment the Corruption and Crime Commission also has some oversight in matters in Western Australia. Can the minister confirm whether that will continue to be the case under this bill; and, secondly, whether the Corruption and Crime Commission, if it does have some role, will have a role with the new owner moving forward?

Hon STEPHEN DAWSON: We understand that the CCC has the power to obtain information about betting accounts. On the question of whether it will have the same power in the future, the advisers will have to seek out that information and I will provide it later in the debate, if that is okay.

Hon NICK GOIRAN: It would be good if the minister could do that, because it would be preferable to have that information before we get to clause 129. I will park for the moment anything about the role of the CCC, any oversight of any serious misconduct and corruption, or any activities involving money laundering.

Extract from Hansard

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It strikes me that the Western Australia Police Force also may have a role in this. Can the minister indicate whether the Western Australia Police Force was consulted when this bill was drafted? If so, what was its response; on what date did that occur and what discussions took place about anti-money laundering measures moving forward?

Hon STEPHEN DAWSON: I am advised that the police were not consulted formally, other than that they may have been consulted as part of the cabinet process when the legislation was progressed.

Hon NICK GOIRAN: What role do WA police currently have in the enforcement of money laundering crimes in our state?

Hon STEPHEN DAWSON: I am not at liberty to provide an answer to that question. I am happy to provide answers to questions on the bill before the chamber, but I cannot answer general questions on police responsibility in Western Australia as part of this legislation.

Hon NICK GOIRAN: Members, I am concerned that the government has not formally consulted with WA police on this matter. Money laundering is such a significant issue in the betting and gambling industry that a commonwealth law and a commonwealth agency, AUSTRAC, is involved in these matters. There will be a prospective bias in this situation. At the moment the state of Western Australia owns a betting agency, and it is looking to sell that betting agency to a non-government entity. I would like some reassurance that the, no doubt, strict measures and strict regime in place at the moment in Western Australia, because the government owns this betting agency, will continue in the future, and that the unintentional consequence of shifting this agency from the government to a private enterprise will not somehow allow money laundering to flourish. I raise this issue, Madam Deputy Chair, because it concerns me that the government has not consulted formally with the Western Australia Police Force, the minister is not in a position at the present time to advise us on the role of WA police in the enforcement of these matters, we had a vague reference to clause 129, which upon cursory examination members will see simply deletes part 5, and we do not have a cogent and comprehensive explanation to assure us that the robust mechanisms currently in place will continue into the future. Earlier I heard Hon Dr Steve Thomas seeking an assurance from the minister about certain important issues, and the minister was able to provide the member with that assurance. I am grateful to the member for raising the issue and for the minister for providing that assurance. I am simply seeking an assurance from the government that whatever anti-money laundering measures are currently in place will be as robust moving forward. It strikes me that the government cannot provide that assurance if it has not considered the issue or consulted with WA police. Vague references to the possibility of some informal consultation with police by virtue of the fact that the Minister for Police is around the cabinet table is not adequate in this situation. Anti-money laundering is a significant issue in this particular industry, so much so that earlier the minister was happy to refer me to clause 129.

I accept the minister's advice to the chamber that there has been no formal consultation with WA police on this matter. Is the minister in a position to give an undertaking to the chamber that there will be some consultation and that he will be in a position to report that to the chamber?

Hon STEPHEN DAWSON: The issues have been considered, member, but I am not in a position to promise that the Western Australia Police Force will be consulted during the passage of this bill. Further information on this issue is available at the agency so we will endeavour to seek further information and provide it to the chamber later this evening or certainly during consideration of the bill. But I am not in a position to now go and consult with WA police about a bill that seeks to sell the TAB to a private operator.

Hon NICK GOIRAN: To be clear on this point, we understood earlier from the government that under no circumstances would it accept any amendments to this bill if the amendments would, in the minister's words, "undermine the agreement with the racing industry". I find it difficult to believe that if this chamber were to put in any amendments to strengthen anti-money laundering provisions to ensure that they will apply to the private operator, it will undermine the agreement with the racing industry. As I understand it, the agreement with the racing industry is not particularly complex. It is not in writing. When I asked what the terms of the agreement are, I was simply told it is the bill. To extent that I have fully appreciated other members' dialogue with the minister on this matter, it sounds like the agreement is really around the 35 per cent share. I do not see why anti-money laundering provisions strike at the heart of that agreement. I would like to think that this government, this chamber and the industry would all be in unanimous agreement that anti-money laundering mechanisms are important and whatever those mechanisms are at the moment they should continue into the future. I am troubled that there has not been any proper consultation about this issue.

To the extent that this issue was considered—the minister indicated in his last response that the issue was considered somewhat and that agency information may be provided at a later stage of this debate—is the minister in a position to indicate, either now or later today, the experience of anti-money laundering in other jurisdictions following the sale of a government-owned betting agency to a private operator?

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Hon STEPHEN DAWSON: No, I am not able to provide that information.

Hon MARTIN ALDRIDGE: Earlier, the minister provided a list of the parties who were consulted through the process in, I think, response to a question asked by Hon Diane Evers. Were members of Parliament included in the government's consultation process?

Hon STEPHEN DAWSON: I did not provide a list of people or organisations who were consulted; rather, I provided the figures relating to the number of people who put in submissions. I also read and tabled some letters from a broad cross-section of racing industry stakeholders who are supportive of the infrastructure fund and the legislation before us.

Hon MARTIN ALDRIDGE: Were members of Parliament, either individually or as a collective, consulted about the government's consideration of the sale of the TAB?

Hon STEPHEN DAWSON: Honourable member, I am advised that the consultation was public. A media release was issued and 12 forums were organised in metropolitan and regional areas around the state and, of course, some members of Parliament attended those meetings. I am aware of that. Given that the consultation process was public, obviously, members of Parliament had an opportunity to provide submissions and participate.

Hon MARTIN ALDRIDGE: Is the minister aware whether Hon Darren West attended any of those public consultations?

Hon STEPHEN DAWSON: No, I am not aware of the honourable member attending.

Hon MARTIN ALDRIDGE: I draw the minister's attention to Hon Darren West's comments on 28 March 2016 —
I'm strongly against the sale of the TAB.

So is everyone else except the Barnett Liberal/National Government.

A change of Government will keep the TAB in public hands and ensure future funding to WA Racing.

I like to research my material. I wanted to compare his comments on Facebook with his comments on Twitter but, unfortunately, that account was subsequently deleted under the direction of the Premier. Is the minister aware of the source of the epiphany that led to Hon Darren West changing his mind on this matter?

Hon STEPHEN DAWSON: I cannot comment on epiphanies or otherwise. The Labor Party, the now government, made a commitment at the election that if the industry wanted us to progress down the path of selling the TAB, we would undertake that process. We started a consultation process. As I have previously mentioned, the Minister for Racing and Gaming informed Parliament that we were commencing this process on 6 September 2017 to, in his words, inform a sensible and responsible decision on the future of the TAB. Since that time, various announcements have been made by the Treasurer and the Minister for Racing and Gaming. Discussions have been held with the board of Racing and Wagering Western Australia and the subcommittees representing the three racing codes, and the Department of Treasury published the discussion paper in June 2019. Following the publication of the discussion paper, the government facilitated 12 consultation forums across metropolitan and regional areas and, as a result, received 107 submissions. They were analysed, and in October 2018 the government announced the decision to proceed with the sale of the TAB. The next major milestone was the introduction of the enabling legislation to the Parliament, and that legislation is obviously before us now.

The DEPUTY CHAIR (Hon Adele Farina): Members, can I just remind you that we are dealing with clause 1 of the bill and it is a very narrow debate. The minister cannot be expected to know what is in the mind of another member. He is only dealing with the bill before the chamber.

Hon Dr STEVE THOMAS: I have a couple of last questions before we move on. The minister may not have or be able to access some of this information, but I would be interested to ask for it anyway and see how we go. In debate earlier today one of the questions was about the value of the asset that is the TAB, and there was a suggestion that it is a declining asset, which I think is right. Did I hear the minister say that the government also agrees that the value of the asset is in decline? Were those the minister's comments at the time?

Hon STEPHEN DAWSON: I did say that the asset will have declined over a long period of time.

Hon Dr STEVE THOMAS: I want to ask about the value of the asset at the start of the process. I know I will be going back nearly 60 years, which is a complicated process. The government may not have the information at its fingertips, and I understand that, but perhaps it could be obtained over time, even if an answer comes back in the future, if the information exists. I am interested to know about the setting up of the TAB, which was in response to an effectively unregulated and oftentimes illegal gambling process anywhere from the 1910s to the 1960s. We have heard discussion about money laundering then. Gambling was a completely unregulated process that resulted in legislative bodies around the world setting up legislatively based and government-controlled gambling

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processes, which resulted in the TAB in Western Australia. Are we aware of the costs involved in the government setting that up? We built the TAB, but I understand that the racing industry existed before the TAB and has existed ultimately for thousands of years on an ad hoc basis. The racing industry existed, but when the TAB was set up, did the government have to invest to put the infrastructure in place to allow it to develop? Did it effectively take over an existing —

Hon Colin Holt: Is this a dorothy dixer?

Hon Dr STEVE THOMAS: It is not quite, because I am interested to know. I do not know whether anybody actually knows the answer to this question. I am interested to know where the initial funding came from to set up the TAB. If we do not have the answer today, I am interested in whether the minister could at some point try to provide it so that we can work out whether the TAB was an organisation formed by government at government's expense or whether the industry paid for it. The cost of setting it up might have come from the racing industry. It was nearly 60 years ago and I am not quite that old, thank heavens! I was not there at the time. I have been around the racing industry for a long time, but I was not there at that time. It would be interesting to me, and I think for the debate, to know where the funding came from to set up the organisation, but if the information does not exist, maybe we could find out at some point.

Hon STEPHEN DAWSON: I do not have a history of the TAB in front of me and my advisers are not clear whether the information exists or exists in an easily accessible format that we could provide to the chamber. I will certainly give an undertaking that we will ask the question of those in the agency, but as the member rightly pointed out, it was a long time ago, and I dare say that there is no-one in the agency now who was around then. There could well be people in the racing industry.

Hon Dr Steve Thomas: I am sure there are.

Hon STEPHEN DAWSON: I am sure there are. There could well be people in the racing industry who were around then and who could provide an answer. I cannot give the member an undertaking that I will be able to provide him with that information, but I will certainly give an undertaking that we will ask the question, and if in the future I am able to source that information, I will certainly provide it to the member.

Hon NICK GOIRAN: Is the government aware of the patent application for Trackside?

Hon STEPHEN DAWSON: We are not aware of any patent application for Trackside. I am aware that Trackside is currently owned by Tabcorp, which is in operation in all other jurisdictions. We are not aware of a patent for Trackside.

Hon NICK GOIRAN: I have a copy of the patent application in my possession. The assignee is Tabcorp International Pty Ltd, Victoria, as the minister has alluded to. I will ask for the minister's clarification about a couple of interesting elements of the patent application, as they relate to a number of clauses we are coming up to in this debate. In fact, I understand they relate to some foreshadowed amendments that Hon Alison Xamon has on the supplementary notice paper. I understand that the government is not inclined to support those amendments and that it has said that in the event that the house supports them, the government will veto the bill.

Hon Alison Xamon: Potentially, not necessarily.

Hon NICK GOIRAN: Yes, that is right. I do not think we got a firm commitment from the government; I think the honourable member is right there. But reading between the lines, we did not get any enthusiasm from the government.

I quote from the patent application —

Trackside is a game developed by the present applicant that provides an animated race between a number of "participants". Players are offered fixed odds on a sub-set of standard horse racing bet types. The win odds are nominated by the game operator and the system derives the place, quinella and trifecta odds from these using published algorithms. Each game result is generated by either an approved internal software algorithm or an external mechanical ball draw taking into account the unequal chance of winning of each "participants". For betting purposes, a Trackside result comprises the first three "participants". These are called the race "placings". After the winner has been determined from a set of 12 participants, second is determined by the same algorithm as used to determine the winner excepting the trial ("race") is between 11 participants and their respective chance of winning the trial for second has been adjusted to take account of removal of the winner of the trial for first. Third placing is similarly determined by a further trial between the remaining 10 participants.

The patent then goes on to explain the method. It states that the method comprises —

allocating unique subsets of a set of identifiers used in the identifier selection game to each of the plurality of participants;

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defining a ranking of said participants from highest to lowest;

Further along in the patent application, some conclusions are drawn as the case is made for the patent. It states —

Thus, the results of the race are random but biased in accordance with the ranking of participants thereby modifying the odds of participants winning and allowing different odds to be offered on that basis.

Thus, if, as in one embodiment, the subsets are of equal size, the highest ranked participant will have the lowest return on outlay, the second ranked participant will have the second lowest return on outlay with the return on outlay increasing to a greatest return on the lowest ranked participant.

In some embodiments of the invention, the spread of the odds can be varied by allocating subsets of different numbers of identifiers to at least some of the participants. Typically, this will involve allocating larger subsets to higher ranked participants than to lower ranked participants so that the relative odds of each participant winning are consistent with the participant's ranking.

I raise all that so the minister might be able to inform the house whether it indicates that the more a person plays Trackside, the less likely they are to win.

The DEPUTY CHAIR: I remind members that we are dealing with clause 1 of the bill, and it is a very narrow debate. I draw that to the attention of the minister.

Hon STEPHEN DAWSON: I appreciated that guidance. Trackside is not in this bill. It has been pointed out that Trackside is owned by Tabcorp, which is obviously seeking a patent. If this bill passes, it will allow for simulated racing. We do not know at this stage what that looks like, and I cannot comment on Trackside's modus operandi and how it works, or anything to do with it, because it is outside the scope of the bill before us.

Committee interrupted, pursuant to standing orders.

[Continued on page 5748.]