BETTING TAX BILL 2018
BETTING TAX ASSESSMENT BILL 2018

Cognate Debate

Leave granted for the Betting Tax Bill 2018 and the Betting Tax Assessment Bill 2018 to be considered cognately, and for the Betting Tax Bill 2018 to be the principal bill.

Second Reading — Cognate Debate

Resumed from 1 November.

HON DR STEVE THOMAS (South West) [7.32 pm]: It is good to be able to speak tonight about the betting tax bills, and to some degree a bit about the racing industry, because I am probably one of the few people who have ever made money out of it. The difficulty in the racing industry for the veterinary profession is not so much getting the work done or being called out for the work, but often getting paid later. We will not go too much into it, but when there are groups of owners in a syndicate, the tricky part is to work out where to send the bill, because it will always be, "The bill should go to Bob" and then "The bill should go to Tom" and then "The bill should go to Harry." It is possible to make money out of the racing industry, and a number of veterinarians have done very well over the years. I will come back later to the capacity to make a horse run faster, which is an interesting process and a request that racing vets get more often than anything else.

The substance of the bills before the house tonight is about placing an additional tax on racing revenue. The government has a bill before the house that will introduce a point-of-consumption betting tax; that is, instead of a company involved in the generation of betting income paying tax based on its location, the government will amend that to make sure that the tax is paid at the point at which the bet is made. I suspect that Hon Colin Holt, as a former gambling minister, will have some things to say about that process, probably at the point in time when we started to see the rise of the plethora of internet gambling. This legislation, in my view, is largely a response to that shift in gambling. I want to talk a bit tonight about the shift in the racing industry in particular, and a bit about gambling more generally, and where we will end up with these bills.

From the outset, I can say that the opposition will be supporting the government in the bills before the house. I have a couple of questions on a couple of technicalities that I would like to get to, and hopefully the minister might be able to respond to those when he responds to the second reading debate, particularly on how the money might be raised, and where the moneys will go to and come from. I know that we will follow up this bill with the Gaming and Wagering Legislation Amendment Bill 2018, which will be managed for the opposition by Hon Tjorn Sibma. We have a small wagering pool running in the opposition on who can speak longest on their particular bill. We shall see where this progresses. I am placing odds of two to one on Hon Tjorn Sibma, because I think he may have much more substance when he gets up to speak a bit later in the process.

The capacity to place a tax on gambling at the point of consumption is a natural response of government to the new system of gambling that is in place. Like in other industries, the internet has taken over. We have seen the internet effectively take over the transport business, and the government has had to respond to that. It is just another example of the fact that, as much as some of us might like to resist the twenty-first century and the internet, computers and mobile phones will take over the way we operate. There is no doubt that that is the future of gambling. We have only to watch free-to-air television to see the increase in advertising of gambling, in particular horseracing gambling. I want to talk about that in a bit of detail, because it drives me absolutely spare to watch these gambling ads and see the encouragement of people into the process.

Hon Darren West: I wondered what it was.

Hon Dr STEVE THOMAS: Okay. I could go into more detail on the member's interjections. They probably drive the entire chamber spare.

The ads we see on television are simply trying to encourage turnover. It is a fairly simple economic process, so let us briefly look at the mathematics of gambling. In the modern era, gambling has become a bit less like a group of people sitting around playing cards and betting on their skill, or, having done a bit of research, betting on a horse, or being a good judge of horse flesh and become much more like a mathematical equation. I now equate gambling, in particular horseracing gambling, with the insurance industry. In the insurance industry, we effectively take the risk, and the cost of the risk. Insurance companies take a slice off the top of that, and then effectively redistribute the income in the form of premiums to those in need. Today, the gambling industry, particularly the internet gambling industry, looks remarkably similar. There are not many gambling industries, be they horseracing over the internet and on mobile phones or the good old one-armed bandit poker machines, that are not simply mathematical equations. Those who are trying to make a living out of this work out the mathematics to allow them to make a certain income. With poker machines, most houses pay 10 to 20 per cent, for example, of the turnover, and that simply clicks out of the machine. A lot of the gambling industry is now going down that path, and as we move to internet and mobile phone gambling, and not attending the racecourse, we see the racing industry going down that path as well. It may be inevitable, but it is not necessarily a good thing.

I want to describe what the racing industry was like when I was a young person. In a regional area, the racetrack was the place where people went on a weekend, where local owners of horses, which were not too expensive to buy or to keep, ran their horses in races for which the prize money was not too big. What that did was involve a large number of people in attending racetracks and industry turnover was based on a reasonable number of people gambling a relatively small amount of money. It was a day out for families and owners came along. When I was a young person—I know people in the chamber have probably had a similar experience—the local doctor and the local dentist tended to have a racehorse. The local vet was generally not allowed to have a racehorse because nobody trusted the local vet to make sure that the horse was not enhanced. A lot of the local farmers had a racehorse. Those racehorses all came together. The prize money was small, the training fees were small and the cost of the horse was fairly small.

Having worked in the racing industry, it was probably in the early 1990s when I saw a significant shift in the industry—that is, horses started to become very expensive. The local farmer and the local doctor—the dentist could probably still afford it—struggled to afford a horse. I remember a horse that was competitive and also having a conversation with a racehorse trainer in the south west in the early 1990s. The trainer said that if people could not afford to pay $100 000 to $250 000 for a racehorse—at that point, in 1991 or 1992, that was a fair amount of money—they could not expect to be competitive even at a country racetrack. That got to the point in the early 1990s when the industry shifted and became less of a social event and a family day out and started to become much more like a business—and people made money out of that. The best professional businesspeople, as they do in every industry, made money out of the racing industry when that happened. What happened outside of that? Mums and dads tended not to go to racecourses. If I went to an average racecourse today, it would be hard to find a race day that is a family day out. We see it on the big days. Everybody likes to go to the Melbourne Cup, everyone goes to the Perth Cup and they get big crowds at the Bunbury Cup. The major race day in Kalgoorlie is fantastic. But people used to go weekend in, weekend out to both regional and metropolitan races because it was a family day out, but we shifted it. We did not shift it—it was not a government policy—the community shifted the racing industry into a much more professionalised business. At that point, in my view, it became inevitable that the gambling associated with racing would become a much more professional business.

I am sure there are members in the chamber who would have wandered onto a racecourse and placed bets with some of the old bookies. A lot of those bookies at the racecourse would not have been making huge amounts of money, although some of them did, particularly the ones who worked at the large metropolitan racecourses. Some of them made good dollars. But there were a lot of bookies who went out on small country tracks on regional race days who did not make a lot of dollars. They were not like the rich people who work in the gambling industry today. Today, it is a slicker and much more professional organisation that is much more mathematically based. Even at that point the offsetting of bets was seen. When small bets are taken in, the odds are measured; it is simple mathematics. They work out the horse most likely to win and the horse that will have the lowest return. It is not based on anything but what will give the bookmaker the greatest capacity to break even on a particular bet or, perhaps, make a few dollars. That is what the industry is about. On those regional and country racetracks, they were not big dollars but they were okay. It is a much more professional industry now and the internet has immeasurably changed the dynamic of gambling. Most people who gamble do not go to the racetrack and cast an eye over the horse. Some of them will look at the form guide and try to work the odds a little bit in their favour, but the odds do not reflect a lot except the capacity of the organiser of the vetting process to make a profit. Then they need to process the offsetting of bets, which is probably more related to technicalities and to some degree will come up in the discussion of the gaming bill in the not-too-distant future.

The betting industry and the horseracing industry changed, and we are now faced with this plethora of gambling options. It can be seen on the television now. It is not the simple case that a person goes to the races and says, “I like the look of that horse.” I have seen people walk into a racecourse and like the colour of a horse or its number or the colour of the jockey’s stripes and put a bet on it—that is a good reason. When people were gambling a small amount of money and having a day out, that sort of gambling did not have the same impact on families. I can remember, honourable members, as a small child occasionally being allowed in probably a highly illegal manner to slip a bet on—Hon Ken Baston—when that was not meant to happen. At a regional racetrack in the old days, those things tended to happen because it was a smaller turnover per person and the overall turnover was kept up by the number of people turning up to a racetrack. The difference now is that we do it over the internet. That has a number of impacts. People do not turn up to racetracks like they used to. It means that the gambling managers are far more professional and far more technical. They are based far more on the sheer mathematics of gambling, so instead of having a large number of people and managing a small input, they are now focused on a small number of people with a much larger turnover. In my view, that is the natural response to the sheer mathematics of gambling in the twenty-first century. They have to encourage people to gamble more frequently instead of bringing in a larger number of people. That is why we see the kinds of offers that appear on our phones these days: "If you made a bet and your horse is losing, pull out of the bet at the last minute. Take that money"—not generally in real dollars but in betting dollars—"and you can reapply that." There is all this comeback to make sure that people are brought back in and more engaged and more likely to gamble greater and greater amounts of money. That is the modern gambling system based on the internet. Unfortunately, for a lot of people, it is now based on credit because it is very easy to do with a credit card.

That is the new gambling system that we find ourselves faced with. It is an issue that the racing industry will probably have to address in more detail in the future because right now we are debating how we will simply give the racing industry a larger proportion of that gambling money. That is where we have ended up. If we are going to keep the racing industry alive, I would love to try to find a way to get more families back to the racetrack, but I do not know how we would do it, because the world has moved on. We do not see families turning up at racetracks at the same level. Young people, adults and older people now spend all their time sitting on their mobile phones and their laptops—much like a random sample of the chamber at the moment, Mr Deputy President. That is the world in which we find ourselves, and gambling is now suddenly immensely convenient. I am not a wowser; I love a good poker game. I love a game of cards and I like to occasionally throw a couple of dollars on the horses just to see what happens. But I am very cautious about being hooked up in that too much. Having struggled for everything I have earned, I am innately unlikely to throw it all away. That is why I would like to see the industry shift back, but it will not go back in a hurry. I accept the modern trend that we will run off our mobile phones and our laptops. It is remarkably convenient, just to amuse ourselves. I am sure every member in the chamber tonight looking at their laptop or their phone has incredibly important parliamentary work in front of them. I am sure that nobody is playing "Cookie Crunch" or whatever that game is. Somebody knows what it is called.

Hon Sue Ellery: It is *Candy Crush*.

Hon Dr STEVE THOMAS: That is it—*Candy Crush*. Sorry; I am showing my lack of expertise in this particular area. I am sure no member has *Candy Crush* up on their phone.

Hon Robin Chapple interjected.

Hon Dr STEVE THOMAS: The honourable member has—no; I am sure Hon Robin Chapple is looking up the rules of fracking.

That is the modern world in which we live. This is an inevitable process. I think it is natural for the government to want to appropriately tax that turnover.

I also want to say a couple of things about gambling taxes generally. I suspect that my good friend Hon Aaron Stonehouse might have a bit more to say about gambling taxes at some point. Every state allows some form of gambling and every state collects some taxes from it. To my ultimate joy, to some degree the state of Western Australia minimises that by keeping out the level of pokies that has a significant impact across the rest of Australia. We just have to go to the major cities of Brisbane, Sydney and Melbourne to see them in action. That is a remarkably well spread out view that I believe is bipartisan amongst at least the Liberal and Labor Parties. The pokies have a limited, although somewhat important, use in Burswood, but outside of that they are largely not required in Western Australia. That has an impact. I will have a lot more to say about the GST arrangement in the debate on the next lot of appropriation bills when they come before the house. There are some interesting and what I find to be quite amusing components to the solutions that have been provided. I look forward to continuing that discussion on economic literacy in the not-too-distant future. The Minister for Regional Development and I have previously debated the impact of gambling taxes on that redistribution. The reality is that several studies suggest that changing the way gambling taxes are assessed may not have the kind of economic return to Western Australia that we think they might. I, for one, and I think the minister, would like to test that and find out for sure. There is a range of views. It is not the golden nest egg that people might think it is. Gambling taxes are important; they make an important contribution. In this particular case, the gambling tax is important because the government's bill before the house attempts to apply a gambling tax to those companies that are operating outside the jurisdiction of Western Australia, particularly those operating interstate. Although international gambling houses do not necessarily find easy legal recourse to operate in Australia, I suspect that if we look particularly closely at the gambling industry, we will see that this bill might find its way to some of those international investors who are operating through interstate companies. In that process, I think it is a worthy bill and a bill that we should be supporting.

The government is proposing to apply a 15 per cent point-of-sale tax on those gambling transactions. I guess 15 per cent might be an interesting percentage. It is the percentage that exists in a number of states. It is the highest rate of gambling tax applied in this particular portfolio compared with that in a number of states. I note that New South Wales and Victoria have applied slightly lower taxes; it is 10 per cent in New South Wales, while it is eight per cent in Victoria. I am of the view that if it is 15 per cent, it will probably not have a major impact on turnover compared with eight per cent and 10 per cent in Victoria and New South Wales. I think there will be a little bit of suck it and see when it comes to the rate of this tax. I suspect that the reality will be that there will be very little impact on the rate of change. Those people placing a wager will not take into consideration whether they are in New South Wales or Victoria; the company and therefore the odds that are reflected will be at a slightly reduced rate. It will be interesting to see how this will be measured. Questions were asked in the other place about precisely what happens when someone places a bet while standing on the boundary of a state and whether the rate of taxation would change if they jumped over the boundary. Although it is an interesting question—one of those good philosophical and theoretical ones—one would have to be on the boundary of New South Wales or Victoria to make a lot of change. Unless someone is in Albury–Wodonga, which is on the border, there will not be that many places where that one or two per cent difference will have an impact on where one stands. I suspect someone will stand where they stand and make the bet where they feel comfortable. We should bear in mind that the company pays the tax on that in the end, even though it will pass it back to the person placing the bet. As I said before, the reality is that the gambling industry is based on an expected rate of return and a set of odds that are designed to match that. I will have a few things to say later about artificial horses relating to the bill presented by Hon Tjorn Sibma because I think that is a particularly interesting experiment. I will save that debate for later.

I expect that the rate of 15 per cent will not make a huge difference. I suspect that when someone makes a wager, the odds are determined by a company that is trying to operate to cover those taxes and, ultimately, it will make very little difference to turnover. Other members might raise questions about the rate. The rate is the same in other states except New South Wales and Victoria. I think the rate will be reasonable. The operators have a tax-free threshold of $150 000. A small unit will not pay this particular bill. I cannot imagine that many mobile phone or internet betting operators would be able to survive with a turnover of less than $150 000. I suspect that most companies will be caught in this process. As I said, I think that is reasonable to expect.

I would like to talk in a little more detail—I hope the minister can provide more information, perhaps in his reply speech—though not so much about the raising of the tax, which is expected to raise $279.6 million, based on the speeches of the Treasurer in the other place. I will grab the minister's attention to try to check some of the numbers that have been bandied about downstairs, shall we say, because there are a couple of question marks. In statements made by the Treasurer in his second reading reply speech, there was an expectation that the tax will raise $279.6 million. He stated —

> Of that, the replacement of current taxes is $88.6 million; industry funding is $83.9 million; and $13 million will go the sports wagering account. That leaves an amount left over of about $94 million.

I am interested in getting some information not so much on where the money will come from but exactly where the money will go. On my figures, basically, $88.6 million is a replacement of the tax raised by the current taxation system. I understand that the $83.9 million for industry funding is the equivalent of 30 per cent, which has been negotiated by the industry. From my conversations, industry is quite supportive of that. The $13 million goes into the sports wagering account. Could the minister make some comments on where the government sees the sports wagering account investing in the future? It is likely to be a continuation but I would like a bit of detail on how the minister sees the sports wagering account functioning. Those three add up to $185.5 million out of the $279.6 million expected to be raised. That leaves about $94 million. I am interested to know where that $94 million will end up. Will the leftover $94 million go into consolidated revenue, assuming there is an additional $94 million? I am simply going off the numbers presented by the Treasurer in his reply to the second reading debate. I am interested to see where that $94 million may end up as a part of the process, because if this is an additional tax that will raise extra money, some of which is to replace existing taxes and some to replace the money that the industry previously put into the sports wagering account, it still leaves $94 million that will go somewhere. I have not quite figured out where the extra $94 million will go. I wonder whether that will go into consolidated revenue and become additional funding for something else. Could we have a breakdown of that at some point from the minister? My personal view is that we might be able to avoid the Committee of the Whole stage if we can get adequate answers. Other members might decide the Committee of the Whole stage is required; it is just as easy for me to get those responses back from the minister. That will tell me whether this is effectively a fundraising exercise, not that I necessarily object to a fundraising exercise; however, allowing people to see where the money will come from behoves us to be open, accountable and aboveboard.

On the operation of the sports wagering account, I again take this from the original second reading speech of the Treasurer, which states —

> Racing and Wagering Western Australia, the Western Australian TAB operator, is required to pay 25 per cent of its after-tax sports betting revenue into the sports wagering account. Funds from this account are used to provide grants to community-based sport and recreation organisations.

I assume that will not change significantly, but the minister could give us details on that. I agree with the Treasurer that having to pay a point-of-consumption tax and a 25 per cent tax would be a double up. It is proposed that the

TAB will no longer be required to contribute a proportion of its sport betting revenues into the wagering account. I quote again from the Treasurer —

> Instead, the government has allocated more than $10 million over the period 2018–19 to 2021–22 that it will pay directly into the sports wagering account.

In his reply to the second reading debate, can the minister confirm precisely where that $10 million will come from? I am interested to see where that originates and how that compares in pure dollar terms to the payments that came from the 25 per cent of TAB's after-tax sporting revenue. How will that then compare with the $13 million, projected by the Treasurer in his reply to the second reading, to be put into the sports wagering account as a part of the new proposal for a point-of-consumption betting tax? Several different numbers need an explanation. Does the $10 million allocation and the $13 million, assuming that is a $23 million allocation, equate to what was previously coming in with the 25 per cent after-tax sporting revenue tax? If we can compare that and get some information on that, that would be extremely useful to try to pin down where the money is coming from and where it is going. The mechanics of the tax are, in effect, the substance of this bill. That explains largely how this goes together and the mechanics of how we look at this. We need some more information to work out precisely where money is coming from and going to. I will make a few additional comments on the racing industry as an entity. Again, I may make a further comment on the bills coming up a little later before the house, managed by Hon Tjorn Sibma.

We have had a debate on the racing industry during non-government members' business or one of those proceedings. The racing industry is struggling to adapt to the new dynamic of the internet age. Horses still run around a track in a very old-fashioned manner. Members would be surprised how old-fashioned some of the veterinary treatments are, particularly some of the homemade remedies. I mentioned at the start of this address that I would make a few comments about the interaction of the racing industry. Obviously, the racing industry is a bit like a lot of the other sporting industries, in which a small advantage can give someone a fairly big kick, particularly over a short race. The racing industry has been a little famous for a small number of people who have tried to increase the odds and beat the system. From a biological perspective, the simplest has probably been the addition of base substances that try to reduce the acidity of horses as they run. The odd trainer has been, what we call, intubating—that is, putting a nasogastric tube into a horse to make sure that they get the appropriate base compound into the horse, in a drench, to try to give them a little advantage. The testing process is now far more complex than it used to be, but like every other industry and the human racing industry, every time an advancement is made in detection, somebody makes an advancement in avoiding it or in cheating. The industry struggles to keep up with that; it always has and it always will. But a far bigger threat to the racing industry is the shift to the electronic age. Perhaps it is both in getting old and being old-fashioned, but in my view the racing industry is about people going to race tracks to watch horses run.

Hon Colin Holt: It still is.

Hon Dr STEVE THOMAS: In some cases it is, honourable member, and I wish it was more.

I understand that racing bodies and racing industry people now have to do a lot more to attract people. Today there is often a bigger crowd at the fashion judging than there is watching the horses go around. That is the modern era. These are now the things that they have to do to get people to a racecourse. People will not necessarily go to watch a horse run around. It is not only the gallopers who find this an issue; the trotting industry across Australia has the same struggles. The greyhound industry across Australia has the same struggles; that is, how do we get people to an event to enjoy the biological race that is happening, rather than simply getting it on an electronic device and putting a bet down on it? The world has changed. I do not necessarily like that it has changed, but that is where we are. It is appropriate that the government places a tax to collect from particularly those interstate companies that have been getting away with making significant dollars without making a contribution to the state. The bills before the house are good bills and in my view they are inevitable. The reality is that I suspect any government would have had to introduce this legislation at some particular time. I wish that the racing industry was as it was some years ago. I accept that it will never be as I remember it again. The big days are still great. Everybody loves the Melbourne Cup. The Melbourne Cup is great, but it is sad to me that today we measure the success of the Melbourne Cup by the amount of money that was wagered on it. That is the modern trend. That is the world Hon Aaron Stonehouse is about to inherit, so get used to that.

The bills before the house are a reasonable solution, in my view, to a difficult problem. They are not the saviour of the racing industry. The racing industry is a far more complex and dynamic beast than a simple tax. There is a lot of work that we should probably do. I am sure that members, particularly Hon Colin Holt, who had the responsibility for it at one point, will recognise the changes in the industry. I would love to see it go back. I do not think it will, but the bills before the house will apply a 15 per cent point-of-consumption tax to interstate gambling bodies that are simply using a mathematical formula to ensure that they make a profit off people who gamble in Western Australia. For that reason alone the bills are worthy of support, and I support them.

HON ROBIN CHAPPLE (Mining and Pastoral) [8.10 pm]: I start by thanking Jake Prendergast, Ivan Basei, Murray Hancock, Aaron Morey, Matthew Starr and Mark Beecroft, who were the advisers who provided us with lots of information over many weeks in preparing for the debate on the Betting Tax Bill 2018 and the Betting Tax Assessment Bill 2018. Deputy President, I note for your benefit that I am the lead speaker for the Greens on these bills, but I do not intend to spend too long.

These bills are about the finances of the betting industry and, indeed, the revenue to the state. These bills introduce a point-of-consumption betting tax—that is, a betting tax payable by betting operators that accept bets from betters located in Western Australia, wherever the betting operator is located. The intention is to capture online and overseas betting operators who take bets from WA betters but do not pay any tax to WA. The bill will capture those operators, including noncash incentives offered by them. The bill will therefore make a level playing field for the local industry, which already pays a WA betting tax, and it will broaden WA's tax base by connecting it to a place of consumption—that is, WA—instead of a place of supply, which could be anywhere.

The amount of the tax is 15 per cent of the betting operators' annual taxable betting revenue above the tax-free threshold of $150 000. Although this bill is expected to commence on 1 January 2019, halfway through this financial year, for that period the threshold has been reduced to $75 000 for this financial year only. The new tax replaces Racing and Wagering Western Australia's obligations as operator of the TAB to pay a wagering tax and to pay 25 per cent of its after-tax sports wagering revenue into the sports wagering account, which is used for the grants to community-based sports and recreation. The sports wagering account will continue, but it will be paid for by consolidated revenue instead. Annual amounts that total $12.9 million from the new tax have been budgeted into the sports wagering account through to the end of the 2021–22 financial year.

The new tax also replaces the bookmakers betting levy paid by local bookmakers for betting at designated sports events—for example, golf tournaments. The racing bets levy, which is paid by all betting operators, wherever they are located, for the right to offer bets in WA races, will remain exactly as it is. Thirty per cent of the revenue raised by the new tax and paid into consolidated revenue will be paid by the Treasurer each month to Racing and Wagering Western Australia, which will then distribute it to the three racing codes—thoroughbred racing, harness racing and greyhound racing—in the proportions that RWWA determines. RWWA's annual statement of corporate intent will set out what those proportions will be. I think that we might have to touch on how that will be dealt with when we get to the Committee of the Whole stage.

A total of $83.9 million has been budgeted to be paid from this tax to the three racing codes through to the end of the 2021–22 financial year. I understand from the briefing I received that this is an increase for the three racing codes of approximately $27 million to $30 million over three and a half years. The increase is not connected to the viability of those industries; the increase comes from tax raised through sports betting, not just racing betting. None of those three racing codes is required to do anything extra to improve the welfare of animals used in the racing industry or address problem gambling in exchange for the increase. The tax is estimated to bring into WA coffers an extra $94 million through to the end of the 2021–22 financial year. That is the net figure after taking into account the set payment to the sports wagering account, the 30 per cent payment to Racing and Wagering Australia for the three racing codes and the loss of revenue from the repealed taxes. Again, none of this extra $94 million has been earmarked to increase the current expenditure in either improving the welfare of animals used by the racing industry or addressing problem gambling. We are disappointed that of the $279.6 million that this measure will bring in over the next three and a half years, not a single cent will be set aside to increase current expenditure on improving the welfare of animals used by the racing industry or addressing problem gambling.

I need to mention at this point that my relationship with the racing industry first came about at Royal Ascot in England in 1964 when I was then in the stock exchange and I was asked to go into a box. That was my first experience, and most probably my last, other than having gone to the Port Hedland races on one occasion. I do not find it particularly attractive to watch grown men and women on the back of horses, beating them. I asked the minister with carriage of this bill to please bring those concerns to the attention of the minister in the hope that the minister would see fit to ensure that some of the revenue is used to address them. We know that horses suffer from the racing industry in a variety of ways, such as long-term stabling and whipping. Overexertion can cause injuries such as exercise-induced pulmonary haemorrhage and injuries, especially to their hooves. Racing when they are too young or unfit due to injury causes a number of horses to suffer major fractures in this whole process. There is also euthanasia or slaughtering for human or pet meat because of injury or because the industry has no further use for them—what we refer to as waste.

My public school in England, Newells Preparatory School, had a remarkable attitude because it used to spend a lot of time going out and stopping horses from going to the knackery, as we used to call it. These horses had been through the racing industry and were no longer considered of viable use and were usually heading for pet meat. In that regard, I became very observant and concerned, even at a very young age, that this was going on. The horses at my school were treated with great love and care and they saw out their days in the many paddocks. On Monday, 12 November, *7.30* reported that six horses have died in the last six Melbourne Cup races, and interviewed expert equine vets who were so concerned about the number of horses getting injured while racing, or being raced while unfit or too young, that they went public to sound the alarm.

Greyhounds have been very much in the public domain in the last year or so. Greyhounds, too, suffer from the racing industry in a variety of ways. They experience kennel conditions that are physically harsh, and a lack of behavioural enrichment or socialisation. I have friends in the Perth hills who take great pride in acquiring many of these "disused" greyhounds and turning them into marvellous pets. There is quite a social structure and industry developing around stopping these animals being euthanased because they have no more functionality for the racing industry. According to the most recent Racing and Wagering Western Australia annual report, between August 2017 and 31 July 2018 there were 335 incidents of dogs suffering grade 1 muscle injury or minor skin lacerations, due to a race, that incapacitated them for at least one to 10 days. There were 214 incidents of dogs suffering sprains, skin lacerations or grade 2 muscle injuries, during a race, that incapacitated them for 11 to 21 days. There were 113 incidents of dogs suffering grade 3 muscle injury or fractures, during a race, that incapacitated them for more than 21 days. There were 45 incidents of dogs suffering severe skull or spinal trauma or complex fractures, during a race, that either killed them outright or required their immediate euthanasia, yet only 1 444 greyhounds raced in the 2017–18 season. That is a quite amazing level of incidents when we consider that only that number of greyhounds raced during that season.

Greyhounds also suffer doping. In February 2014, *Four Corners* reported that a WA trainer had recently been suspended for pleading guilty to doping dogs using anabolic steroids. Greyhounds also suffer premature death and euthanasia that can be due to racing-related injuries. According to RWWA's annual report, that happened to 74 dogs between 1 August 2017 and 31 July 2018, and 83 the year before. They can also be euthanased because they are unsuitable for rehoming. I have friends all around Australia and in Perth—indeed they have been on the steps of Parliament House—who have shown that with a bit of love and care these dogs can be rehabilitated.

But the work is nowhere near complete and much remains to be done. An injection of some of this extra $27 million to $30 million that will go into the three racing codes, or the extra $94 million that will go into consolidated revenue, could give a much-needed boost to implementing good strategies to improve animal welfare in the racing industry. When raising that sort of money for general revenue, there is a moral obligation on us to spend some of that money on looking after the animals from which people and the state make a lot of money. First and foremost, we need full life-cycle tracking of racing animals, and better data collection on breeding, injury and mortality. We need to know exactly what is happening so that we can act on it. Some work is happening in that space, but we do not yet have full life-cycle tracking for racing animals.

Further, since the public purse funds racing, there needs to be publicly accessible data. There is also a need for increased investment in making sure that injured animals get proper veterinary treatment. RWWA has a track injury surgery rebate scheme for racing greyhounds, which is great, but I understand the rebate is for only certain kinds of injury and has a ceiling of $1 200. Anyone with a pet dog knows that to go to the vet to have their dog treated for even something minor incurs costs of that sort of level. Members know that $1 200 will not go far.

There is also a need for investment in improving the day-to-day stabling and kennelling conditions of racing animals not only physically but also through behavioural enrichment and socialisation. This needs to happen throughout their lives, not only when they are training or competing. Apart from improving the day-to-day lives and health of racing animals, a well-socialised racing animal has a far better chance of successfully transitioning to another career or life after it has been rehomed when its racing career is over. I refer back to the figures I gave earlier about the number of greyhounds euthanased because they are not suitable for rehoming. I sometimes wonder where the classification of "not being suitable" comes from. Is the animal just considered to be waste and people move on? Ongoing investment is also needed to ensure that relevant animal welfare policies and codes of practice are reviewed and kept up to date with current scientific knowledge and community expectations.

Linked to that, more ongoing investment is needed for industry education and independent compliance monitoring to ensure that those standards are kept. My colleague Hon Diane Evers recently spoke eloquently in this place, in the context of another bill about animals, about the importance of compliance monitoring, so I will not repeat those comments tonight. However, I stress that the compliance monitoring must be independent. Monitoring should not be done by people who also have a duty to promote the industry. That is a conflict of interest and breeds a lack of faith in the findings. It does no-one any good, and should be avoided. Racing promotion and racing compliance monitoring need to be separate. We see this with many departments, whereby we end up finding that the decision-maker and regulator are in the same sort of area. That is never a good thing. We need to separate those.

Speaking of animal welfare standards, I would dearly like to see the horseracing industry transition away from whipping. Apart from it being a practice that I consider barbaric, it leads to overexertion and risks injury; it does not have a place in the modern day and age. We are civilised human beings, and we should not condone or be proud of beating animals. Last but not least, there needs to be investment in independent research into improving the welfare of racing animals and implementing the recommendations made.

My colleague Hon Alison Xamon will most probably touch quite heavily on the issue of problem gambling. She has spoken a lot about that in this place, and it is another component of the problems that emanate from the racing industry. Having said that, looking at the income being derived from it, as far as I can see, nothing is being set aside in any way, shape or form to tackle the issues faced by the many problem gamblers.

I will quickly touch on the University of Technology Sydney report into greyhound track design. As has been shown in WA, the hardness or softness of track surfaces has a bearing on the risk of fractures and muscle injury. Sand and grit being kicked back into the faces of dogs behind has proven to produce very nasty eye injuries, and in some cases pink eye, rendering the animal partially blind for a time. Implementing the recommendations of that research when it is completed could improve the welfare of greyhounds. Much could be done to improve the welfare of racing industry animals by using a bit of the bonus that these bills—it is a significant bonus, so the government does not need to spend much—will deliver from the racing industry to the state's coffers. I urge the government to use some of these funds in a way that can benefit the animals that we seek to profit from.

HON COLIN HOLT (South West) [8.30 pm]: Only a taxation bill about betting could sway into the realms of animal welfare and the track design for greyhound racing. It is really interesting. I invite Hon Robin Chapple to visit more racecourses, racetracks and trainers to see exactly how they treat their animals. I do not think an experience from 1964 or in Port Hedland can account for an objective view of how the racing industry, trainers and owners treat their animals. I will take the member to any one he wants in order to see the way that trainers and owners treat their animals, which is better than they treat themselves.

Hon Robin Chapple: I have a fundamental aversion to animals being used for sport.

Hon COLIN HOLT: That is fine but the member should make sure he declares that at the beginning of his objective observations and go and look at and interact with the racing industry before making sweeping comments about it. I can guarantee the member that all of them out there realise that animal welfare comes first. That is what they are all working towards.

Hon Robin Chapple interjected.

Hon COLIN HOLT: I would —

Hon Robin Chapple interjected.

The PRESIDENT: Order! Hon Robin Chapple, you have had your say.

Hon COLIN HOLT: That is exactly the next comment I was going to make.

The Betting Tax Bill 2018 and the Betting Tax Assessment Bill 2018 provide a great opportunity for a really important industry. Although the government is saying that it is the most generous package for the racing industry, I think we need to get some answers about what that means. It is a tax on the industry that is going into consolidated revenue. Some compensation will go to the racing industry but so much more could be done with a tax on the industry. I want to cover a few issues to make that point. Having been a former racing minister, a number of issues are always raised consistently in a policy sense for government members. The racing industry is incredibly important. It employs 30 000 people and is one of the largest employers in regional areas and we recognise the importance of the industry because of that. A number of issues have been raised and continue to be raised about the health of the industry.

One issue is the performance of the Western Australian TAB and its competitiveness in a very highly competitive market. We have often spoken about that in this place. The potential for the sale of the Western Australian TAB recognises that factor. That is one of the issues. Although the WA TAB has been a fantastic way for the industry to earn revenue, it is being challenged by every market. As Hon Robin Chapple and Hon Dr Steve Thomas pointed out, we do not have to go too far to see the competition in the market.

Falling participation rates at all levels is another issue in the industry. There are fewer horses, trainers, jockeys and racegoers, as pointed out by Hon Dr Steve Thomas. These are challenges for the industry because it has to have a critical mass of people to make a viable industry and we are struggling at the moment. My major criticism of Racing and Wagering Western Australia has always been around it being way too focused on wagering and not focused on the racing industry. The warning signs were there 10 years ago and everyone told RWWA. It did not respond quickly enough to address those issues. Again, this tax on the industry will provide a great opportunity to address some of those problems. Hon Dr Steve Thomas talked about the return to the good old days of picnic races but I am not sure that we want to go back there because integrity, animal welfare and those sorts of issues were not at the forefront back then, but they are now. In fact, they are very much at the forefront. We now spend $40 million a year on integrity in the industry. It is much more of an investment than there ever was before.

Hon Dr Steve Thomas: I worked in the industry as a qualified racehorse veterinarian. In my view, most of the industry still have welfare at heart. The worst 10 per cent were far worse than they are now, though, but the bottom end was terrible.

Hon COLIN HOLT: It is no different from any other industry but I think there is a lower percentage now. I think they are weeded out very quickly and they are sorted out. However, there is absolutely more to be done in that space.

There is more to be done to promote industry participation and provide career paths for people. Again, it will take an investment in the industry, which is what this tax on the industry provides, but it will not be fully delivered. There is an infrastructure backlog of about $150 million in the industry. I think every club has a backlog of infrastructure needs from grandstands to stalls, upgrades to the track and rails, and occupational health and safety—you name it. The wish list adds up to at least $150 million. It has to be addressed. This tax provides the opportunity but it will not meet that.

There is also a real issue around the viability of race clubs. If there is no race club, there is no industry, because race clubs run the events. A number of race clubs have recently closed. The Golden Mile Trotting Club in Kalgoorlie was a victim of the circumstance of the industry in which there are fewer horses, fewer trainers and fewer people willing to take their trotters out there. That affects the viability of the racing industry. They are all very interconnected—from Perth Racing to the picnic race day at Kojonup, the whole industry is interconnected. This tax provides an opportunity to address some of those needs, but they will not be addressed because the government will be taking the lion's share of the tax, as we know. We have talked before in this place about figures and we really need some clarity on that, which I will get to.

Another challenge includes the return to industry participants. Jockeys and trainers at the top end of the training and jockey ranks are certainly well rewarded for the work they do. Jockeys are incredibly brave people to be on horses galloping at 60 kilometres an hour. They are the pluckiest people and they deserve every bit of reward they get for it. But owners, punters and race clubs drive the industry here. Owners in this state get a lower return than those in other states. Some figures that have been quoted to me are that owners in Victoria and New South Wales get about a 42 or 43 per cent return on their investment. No financier is going to make an investment into a realm in which they are guaranteed to lose, on average, 58 per cent and, if they are really bad at it, they will probably lose a lot more. That is an average return. In Western Australia, the return is about 36 cents in the dollar. We are asking a lot from owners to say, "Keep stumping up. Keep buying horses. Keep investing. Keep working with trainers to ensure that the industry continues because it is so important to us." Again, this tax could provide more incentive in that space to increase the stakes, moneys, breeding schemes and returns to ensure that those people who invest in the industry continue to get some return out of it because, eventually, at some point, they will exit the industry. We have seen that happen in the last four or five years with the mining downturn. There was a great deal fewer owners and people were coming out of the industry because they did not have the disposable income anymore. That affected the participation rates across the board. It starts at the lower levels of racing and goes all the way to the top. The technicalities of the industry rely on good participation rates to ensure that there is a critical mass of horses, punters and racegoers. Those are the challenges. In my view, this tax on the racing industry really should be returned to the industry.

Animal welfare is a massive issue in the industry. It is not that people in the industry treat the animals poorly; it is the perception of how they treat them. They treat them extraordinarily well. I challenge members to visit a trainer to see how they treat the animals in their care. They care for those animals in the same way that we would care for our pets.

Two other issues in the industry continue to be raised. One is that corporate bookies are not contributing enough to Western Australian racing, which this tax is trying to address. Corporate bookies such as Sportsbet and Ladbrokes, which are licensed in the Northern Territory, have very reduced corporate tax rates. Although race field fees were introduced to try to address payment for putting on a race at that level, some figures that were quoted to me when I was the Minister for Racing and Gaming were that the Western Australian TAB would contribute six cents in the dollar; that is, for every dollar wagered, about 6c would go back to the industry. For every dollar wagered with corporate bookmakers, about 2c would find its way back to the racing industry. Those corporate bookies have been gilding the lily for a long time. They have been taking the cream and have not been contributing enough. That is what this tax will address. I support it for that reason and always have. Hon Dr Steve Thomas's comments were interesting. Those corporate bookmakers do not want the professional gambler. They want the mug punter to be punting with them because they know it is an easy take. In fact, if they get too good a punter with them, they will ban them. They want the next mug punter to come along because they do not want —

Hon Dr Steve Thomas: They want high-volume punters, though. They want a lot of money from one person. They need a mug for that.

Hon COLIN HOLT: Yes. What this tax will do about VIP punters is a good question because there are some special deals in the system for VIP punters. It is worthwhile to ask how they will be dealt with under this legislation.

The licence fees and taxes of those corporate bookies that work out of the Northern Territory are about half a million dollars a year, compared with the WA TAB, which pays about $40 million a year.

Another question I will ask is: what will happen to those traditional rates of tax, because we are abolishing those taxes to introduce this new point-of-consumption tax? When I was the racing minister, I went to the Northern Territory for a racing ministers' meeting. At that time, the point-of-consumption tax was being thought about in South Australia. As part of the research into the sale of the Western Australian TAB, I went to South Australia and talked to its Treasury about the point-of-consumption tax. That was the first time I heard about it. The South Australian government was going to apply a 15 per cent rate on bets placed in South Australia. We thought it was a great idea because it would finally target some of those Northern Territory bookmakers that were not returning enough. The trouble was that the South Australian Treasury was going to return zero of that 15 per cent to the industry, which has been a major issue in how the government is supporting the racing industry there. The racing industry is taxed, but when there is an issue, it has to go cap in hand to Treasury to try to get some funding. In some senses that will happen with this tax too. The sports betting account, which I will get to, has no guarantees except a commitment from the government for the next four years.

Another issue mainly raised by the chief executive officer, the chair of Racing and Wagering Western Australia and those more in tune with how the racing industry works from a corporate level was the tax on the industry and tax parity across the states. With some changes in Victoria, Western Australia was going to become the highest taxing jurisdiction on the racing industry around Australia, which made us and the WA TAB less competitive. They always asked how that taxation burden could be reduced so that the industry could remain competitive in the highly competitive wagering market. This bill is about removing that tax burden, but it will replace it with something else. We need some clarity about the effect that this new tax will have on the Western Australian industry. I have asked some questions about it, but it is still unclear in my mind.

I have a question for the minister, which he might discuss in the second reading reply or during the Committee of the Whole House stage, depending on how we go. The tax will raise an amount of money. Some of it—about 30 per cent—will be returned to the Western Australian industry. What does that figure represent? We know that the Western Australian TAB will contribute to that overall sum of tax collected. How much will that be? How generous is the government really being in compensating the industry? It is a really good question. From briefings, I think it is about $27 million over three and a half years. I think Hon Robin Chapple or Hon Dr Steve Thomas might have quoted that. That is about $9 million a year. Let us compare that with the potential tax take the government will receive from the point-of-consumption tax. I want some clarity on that. I would like it broken down into: this is how much the tax will collect, this is how much will be returned to the racing industry, and this is how much the government will take out of it. There is a little slice to compensate the sports wagering account. We also know that the WA TAB will contribute to that overall tax amount. We need some clarity on that because, according to the Minister for Racing and Gaming, it is a very generous package. He said it was the most generous in Australia and I agree with him. It is the most generous in Australia, but in South Australia it is zero, which is not a very high bar to meet. However, it is not as generous as everyone thinks it is. Let us get some clarity on that.

I think it is interesting to talk about the 15 per cent rate. I note that would be a difficult decision for Treasury to get to. It may not have been a difficult decision for Treasury, but it is difficult for the racing industry to commit to a 15 per cent tax rate. It puts the industry at risk of a response from corporate bookmakers. It would be useful to get clarity on why Treasury landed on 15 per cent and how the risks will be mitigated. When South Australia introduced its 15 per cent point-of-consumption tax, corporate bookmakers did things to shift its punters to another low-taxing state. I think it is coming back now because it is so competitive that they need the racing. I have a lot of faith in the Western Australian racing industry. Our product segment is well-positioned in its time line and time zone to buffer against that. We have to get better at doing it, but at 15 per cent there is definitely a risk. Queensland, South Australia and the Australian Capital Territory have maintained their 15 per cent rates, but New South Wales went to 10 per cent and Victoria went to eight per cent. In a corporate sense and a racing sense, there is a real risk. I would be interested to hear the minister's comments about how that negotiation landed and how the risks of a 15 per cent rate will be managed. The rate in New South Wales is 10 per cent. Anyone who knows the industry over there knows that Peter V'landys is a very clever man. He would have negotiated 10 per cent for New South Wales without a doubt. If we look at the market in Victoria, the corporate bookmakers have a giant footprint outside of the Northern Territory. Some of those corporate bookmakers, such as Ladbrokes and Sportsbet, actually sponsor race clubs there. We do not have that here; we have a very restricted, regulated market. Racing and Wagering Western Australia has done a really good job of protecting that market in that sense, and that exclusivity drives up the potential value of the WA TAB in the market. Those companies sponsor individual race clubs, and I am sure that there would have been some pressure from those corporates about what that tax rate should be to maintain their competitive advantage in those states. I commend the government on maintaining the 15 per cent, but I would be interested to see how that will be managed, and the feedback from Racing and Wagering Western Australia on how that 15 per cent will impact on the local industry. I know the minister has Treasury officials here tonight, but maybe he needs to get some advice from RWWA on that question. I would be interested to see how that gets managed.

The government continues to state that a 30 per cent return to the industry of the funds raised is a generous outcome for the industry. I know that Hon Dr Steve Thomas mentioned that as a good negotiation with the racing industry on that point, which it probably was, but it would be interesting to know who was doing the negotiation. Given that the Minister for Racing and Gaming has already said that he takes advice from RWWA, which I would have thought was somewhat conflicted in this space, how did the industry say that it agreed to a 30 per cent return rate? I know there are always comments about the industry being no worse off, but this is a tax on the racing industry. As I said before, three groups maintain and invest in the industry. They are the race clubs that hold the events, the owners who invest and get very little return for their investment, and the punters. This is a tax on bookies who get all their money from the punters. Although RWWA might have negotiated an outcome of 30 per cent, to say that the industry is happy with it is a really interesting statement from the minister.

Hon Stephen Dawson: It was also a statement from Hon Dr Steve Thomas, not just the minister.

Hon COLIN HOLT: I know, and I quoted that as well, but I would like to know what consultation occurred to get to the point at which the industry was happy with the 30 per cent. I would like to know what consultation occurred beyond RWWA, as the potential lone voice in that argument, which runs the WA TAB. It would have to have been conflicted at some point in time. I would appreciate some information about that.

I would also like some information about the estimates of how much total tax will be raised in the first year, and how much total return will go back to the industry in that first year. Let us work with the first year as an indicative year. In that first year, what will the tax cost be to the WA TAB, making up that total tax and the potential return? We have some figures about how much tax was paid over the last four years by RWWA, and we should get that on the record as well, maybe for the years of 2013–14, 2014–15, 2015–16, 2016–17 and 2017–18. Let us get those on the record as well, so that we can see how much will be compensated to the industry in the future.

I want to touch quickly on the sports wagering account. My understanding now—maybe I could get some clarity on this—is that it is a legislated amount. A certain amount—25 per cent—of sports wagering now goes into the sports wagering account, but that will be abolished under this legislation, as I understand it. This works out to be, on average, around $3.9 million a year over the last five years. It would be good to get something on the record about exactly what the figures were for the last five years. These bills remove that obligation, from my understanding. There will be no obligation to put money into that sports wagering account. We have a commitment from the government, but no obligation, to put so much into the account, plus consumer price index increases. There is no guarantee of how much will go into that sports wagering account, except for that commitment. That could potentially change in the future, with changing governments. I am not sure how that figure was arrived at. The Department of Local Government, Sport and Cultural Industries saw that wagering account as a real opportunity to invest in the industry. We need some more guarantees on the record in this house to ensure that it continues. The sports wagering space is quite fluid and dynamic. Figures from the last five years will show real fluctuations in how much went into that account. Sports wagering is getting more popular. How do we recognise that, and compensate the sports wagering account into the future? Will we set our part now at $3.9 million plus CPI into the future, or will there be some way of monitoring how sports wagering changes in the future to ensure that the right compensation goes back to sports wagering? That is a question worth asking.

There are some technical questions about these bills that I would like to ask. I do not see these as issues—I think it is good.

Hon Stephen Dawson: You have raised far more issues than I can deal with in the second reading reply, so I think you would be better off asking them once we get into committee.

Hon COLIN HOLT: Sure, and I will not take up much of the house's time in committee. Some clarity needs to be put on the record, in my view, including things such as who is reliant on identifying the location of punters? Whose responsibility is it to ensure that bookmakers report adequately on where punters come from, and where they are punting, and who verifies it? These are some good questions that we can address under clause 14, if you like. I am happy to leave it there, and get some of that clarification when we get into committee.

HON ALISON XAMON (North Metropolitan) [8.58 pm]: I rise to make a short contribution to the debate on the Betting Tax Bill 2018 and the Betting Tax Assessment Bill 2018, because I want to make some specific points about the issue of problem gambling, and where that fits within the scope of the revenues that will be raised. As my colleague Hon Robin Chapple has already mentioned in his contribution, the $279.6 million that this tax will raise is 15 per cent of taxable betting revenue. We are talking about player loss. Although the racing codes are set to benefit in quite a sizeable way, I note that not one cent has been put aside to address problem gambling. It is a particular concern in an environment where we are looking at the rise of online gambling, and suggestions of increased access to simulated racing products. The evidence shows that, with an increase in gambling, there will be a corresponding increase in the number of problem gamblers.

Gambling is very popular in this country. Up to 70 per cent of Australians gamble each year, but problem gambling is estimated to affect 0.7 per cent of the adult Australian population, and a further 1.7 per cent of that population is estimated to be at a moderate risk of problem gambling. It is important to note that for each problem gambler, six other people are affected; for each moderate-risk gambler, about three others are affected; and for each low-risk gambler, an additional person is affected. It is more than simply the people who gamble; it is also the flow-on effect on the people around them. Fortunately, in Western Australia we do not have the problems associated with pokies that we know happen in other states because successive governments have been very good at making sure that we have not gone in that direction, but we certainly do not shy away from partaking in gambling more broadly. Western Australians spend up on racing and sports betting. Of the states and territories, we have the third highest spending per capita on each of these products, and research shows that 41 per cent of those betting on sports or racing are experiencing some form of harm.

I think all members of our community are entitled to protection from the social harm that results from problem gambling. I am talking about a very broad range of problems that emerge. We know that problem gambling is linked to relationship breakdown, family violence, mental health issues, suicide, homelessness, social isolation and also, importantly, something for all of us to be concerned about: an increase in crime rates. It is not as though we have come anywhere close to eradicating these problems within this state. The government has the responsibility to ensure that effective harm minimisation measures are funded, implemented and monitored in order to prevent problem gambling, which has the potential to affect the entire community. I find it hard to believe that the Problem Gambling Support Services Committee cannot do more in this space. It does not seem to be operating at capacity. I note that the committee has built up in the order of $1 million in reserves. I am told that this reserve was deliberately built up in case of extra need, but it has not been required to cover the cost of the counselling services offered via the committee, and therefore contributors will not pay their usual voluntary contribution this year. I note, however, that the Problem Gambling Support Services Committee's 2017–2020 strategic plan details a number of objectives that are far broader than counselling, including increasing awareness of the impact of excessive gambling; identifying and addressing gaps in service delivery; maintaining contemporary knowledge of issues and trends; and implementing and maintaining responsible gambling initiatives. On the face of it, it would seem that there is plenty that the committee could get on with funding.

In any event, it is clear that there is a need for more action on problem gambling within Western Australia, and not including provisions to minimise the harms associated with problem gambling represents an enormous missed opportunity. I felt it was important to at least get those concerns on the record.

HON AARON STONEHOUSE (South Metropolitan) [9.03 pm]: It will probably not surprise anyone to hear that I do not support the Betting Tax Bill and the Betting Tax Assessment Bill that we are debating together tonight.

I will be very brief. In an article by Andrew O'Connor on ABC online on 21 February 2017, the Premier is quoted as saying —

> "There will be no new taxes on West Australians, full stop. If we are elected, there will be no new taxes on West Australians or increases in taxes on West Australians. If we're elected, full stop," …

Perhaps the Premier was using weasel words by using the phrase "no new taxes on Western Australians" so he could later justify that a point-of-consumption tax on betting agencies based interstate was not in fact a broken promise. I am not sure how a tax on a service provided to Western Australians could be considered as anything other than a tax on Western Australians. A 15 per cent tax does not sound like a large figure, but like most taxes, it will likely be passed on, in one form or another, to customers. It will certainly impact Western Australians. To me, it seems like it is another McGowan broken promise. Last year, we had the proposed gold royalty increase, which was a broken promise on taxes, and then the payroll increase—another broken promise on taxes. As has been pointed out by members, 15 per cent will be the highest point-of-consumption tax in the country. I do not know how we arrived at that figure. Maybe we will find out in the minister's second reading reply speech or through Committee of the Whole. I am interested to know why we rounded it at 15 per cent as opposed to 10 per cent.

In last year's budget speech, the Treasurer said —

- we will also be reforming wagering taxes from a target date of 1 January 2019. Traditionally, wagering products have been taxed in the jurisdiction from where they are supplied, but with the increasing availability of online and mobile wagering, this has led to online bookmakers and betting exchanges locating themselves in lower taxing jurisdictions such as the Northern Territory.

I really like this quote and I referred to it in my contribution to the budget reply debate of that year because the Treasurer, Ben Wyatt, acknowledges that businesses have an incentive to set up shop in lower taxed jurisdictions such as the Northern Territory—lower payroll tax and a few other things. Rather than seeing that as an opportunity for some competitive federalism to compete with the Northern Territory and claw back some of those businesses to Western Australia by lowering payroll tax and stamp duty, by reducing red tape and regulation or by creating special economic zones, which I have spoken briefly about in this chamber in the past, instead, the attitude of the government and our Treasurer is, "No, we won't compete with lower taxes and make ourselves more attractive for business investment; instead, we will think up a new form of tax that these businesses operating in low-tax jurisdictions can't avoid. We will cast a wider net with our taxes." That is something we have seen from the government time and again. Instead of learning the lesson staring it right in the face that lower taxes attract businesses, it is thinking up new ways to tax and increase state revenue.

I am a little disappointed, too, because I feel like this is a missed opportunity. I am certainly no fan of a point-of-consumption tax, of course, but we had an opportunity, although briefly, and it is gone now, to raise a point-of-consumption tax from the betting operator known as Lottoland that provides synthetic lotteries. In fact, the chief executive officer of Lottoland in Australia was almost begging the Premier not to ban his business and his practice but to tax it at the point of consumption. He was willing to contribute to the state coffers. Unfortunately, the state government has pursued its own mechanism for banning synthetic lotteries, and perhaps even banning other forms of gambling, and the federal government, of course, has introduced its own legislation to ban synthetic lotteries. It really feels like that was a missed opportunity for more revenue, if that was the government's goal with this.

The explanatory memorandum for the Betting Tax Assessment Bill says —

> The transition from the current wagering taxation arrangements to the betting tax regime will:
>
> - recognise Western Australia's level of betting activity and raise an amount of revenue corresponding to the harm associated with that betting;

In my view, this is an asinine statement. The revenue raised will not be used to address the supposed harm associated with betting. This statement amounts to little more than virtue signalling. Those people or communities that suffer from harms related to gambling addiction will not be better off by the state raising more revenue through this measure unless those funds are used to treat the symptoms of gambling harm or, as Hon Robin Chapple pointed out in his remarks, the harm to animals and animal welfare that comes around in an industry like this. Although I do not think it is as widespread as he does, I probably align more closely to the views of Hon Colin Holt and Hon Dr Steve Thomas when it comes to animal welfare in this space. But what is the point of raising revenue that corresponds to the level of harm if that revenue is not used to address the harm caused in the first place? It is empty and vacuous. A statement like that is completely vapid virtue signalling from the government and nothing more.

This is typical of successive governments and opposition parties: gambling is a scourge on society that must be discouraged. It is a sin and a person will burn in hellfire if they gamble. It is a horrible thing that must be discouraged at every opportunity unless, of course, it is gambling through the state-run monopolies—no, those cannot be touched! Gambling through Lotterywest and the TAB must be protected. Those are sacred institutions of the state. We must do everything in our power to protect those state-run gambling monopolies. Gambling is bad, of course. A small percentage of Lotterywest revenue is spent on community grants—a pittance. But the other gambling is horrible; it is evil. In fact, the government will go so far as to ban synthetic lotteries or go one step further and grant the executive sweeping broad powers to ban any gambling exercise it wants on the whim of a minister. If a minister does not like the idea of gambling on the outcome of the presidential election in the United States, for example, they could ban it like that through regulation. If anyone picks up on regulations coming through this chamber, they will be lucky to get 20 minutes to debate them at the end of a day. That is how far the government is willing to go to protect its own interests in gambling while condemning the poor saps who want to gamble through another provider that is not controlled by the state. In fact, the government is going so far as to ban betting kiosks that are not associated with the TAB as well, again protecting its own interests in the TAB. Perhaps that will make it a little easier to sell the TAB and find a prospective buyer while the government builds up these protections around its monopoly.

There are harms related to gambling, of course, including addiction, crime and mental health issues. What about all the people who do not suffer those harms? What about the normal punters—the people who place a bet once in a while? Why should they be punished for the misdeeds of a few—a minority—especially when the nature of gambling is changing somewhat? As we have heard, racing is perhaps in decline. The glory days are gone. Perhaps we are all nostalgic about it but the betting industry is changing a lot. People are no longer betting on racing; they are now betting on non-sports outcomes. They are betting on e-sports in some cases. Yet we still treat betting as a vice.

I am a little disappointed to see the response from the Liberal Party. It has welcomed this tax increase with open arms. It is really quite disappointing. I think it is pathetic to see a Liberal Party taking a pro-tax position. The Liberal Party is a party that supposedly stands for low tax, small government, enterprise, entrepreneurship and perhaps a somewhat laissez-faire approach, but nowadays maybe less so.

Hon Dr Steve Thomas: Bearing in mind there's a tax equalisation argument here, not necessarily just a tax increase.

Hon AARON STONEHOUSE: I listened to the member's remarks. Maybe I missed the point when he made the case for a broadening but a lowering of rates.

Hon Dr Steve Thomas: Because the reality is that Western Australia's racing industry pays a tax now and the companies that will be taxed do not.

Hon AARON STONEHOUSE: The member makes a good point, and I will address that in a second. I looked at the debate in the lower house. Maybe I missed it; maybe it was not there. I looked at the comments from the shadow Treasurer and the Leader of the Opposition in the lower house and I could not really see a strong economic argument for broadening the base to make a more level playing field by lowering the rates. But that comes to what perhaps should be the Liberals' position. If they were a little more consistent in their views and if they subscribed more closely to their stated values, perhaps they would not prop up the racing industry through increased revenue. The industry will receive only 30 per cent of revenue raised. That is a pittance really. Surely it should be receiving 100 per cent of the revenue raised if that is the purpose of this tax. That will not stop the Liberal Party from supporting it, of course. Surely a more liberal approach would be to privatise the TAB and deregulate the racing and wagering space. Allow the racing industry to live off advertising revenue and the racing bets levy would be a more liberal approach. Other sporting associations seem to get by on their own through ad revenue, sponsorship and broadcasting, yet for some reason a level of deep protectionism is endorsed by both sides when it comes to racing. Maybe someone can give me an answer in the second reading response or maybe after this debate, but what makes the racing industry so different from every other industry that it needs this level of protectionism in which a government levies a fee from anyone operating in that space to give it back to industry, with all the government bureaucracy and administrative costs that come along with that? Why can the industry not do that itself?

Hon Dr Steve Thomas: You make it sound like that's an unusual prospect, though, but a lot of industries get subsidies back from government. If you want a really good example of that, have a look at the car industry.

Hon AARON STONEHOUSE: It absolutely should not. I am really not surprised. This is the same Liberal Party that just last year supported the government's payroll tax increase. This is a Liberal Party that has an identity crisis. It does not know what it stands for. Sometimes it is pro-business, anti-tax or small business and at other times, whatever. It does whatever is popular with country constituents perhaps.

All I have seen in the last year and a half is constant tax increases. Governments at federal, state and local levels tax our alcohol, our fuel, our smokes and our payroll and now they are going to tax our gambling, once again with a new point-of-consumption tax. I will continue to rail against these taxes for as long as I can and I will continue to take my principled position of not voting for tax increases, not voting for reductions in personal liberty and always endorsing a small, lean government that is effective and does not intrude on our personal lives.

Debate adjourned, on motion by **Hon Pierre Yang**.