

TAB (DISPOSAL) BILL 2019

Consideration in Detail

Resumed from an earlier stage of the sitting.

Clause 40: Section 4 amended —

Debate was adjourned after the clause had been partly considered.

Dr D.J. HONEY: As a precursor to this, the Treasurer will recall that during the second reading debate and in some comments made across the chamber, the view was put that somehow Trackside is not just another game of chance. I refer to subclause (4)(b) on page 28 of the bill. We heard that Trackside is somehow different and is like a real race because there is a form guide and a betting slip. I will get to my question on this in a moment, but paragraph (b) states —

the outcome of which is only determined by a random number generator that draws a set of numbers from a larger set of numbers;

Hang on; this is not some knowledgeable person such as the member for South Perth who knows the form of the horses and the form of the jockeys making an informed decision. In fact, this is simply a game of chance. I want to dwell on this point a little bit. I refer again to the Australian government's Australian Institute of Family Studies discussion paper 8 published by the Australian Gambling Research Centre in July 2017, which outlines the characteristics of addictive electronic games. One of the key aspects of addictive electronic games is that they have unpredictable and uncertain outcomes and rewards. I am struggling to understand, based on the definition that is provided about the way that this is carried out, why this is not just another addictive electronic game that is based on random chance. It says here "random" chance. All the talk about form guides and someone studying the form guides like a race is absolute nonsense. These may be horses on the screens. They could be pineapples. They could be apples. They could be cherries. They could be anything we like. They could be butterflies. They could be newts. They could be unicorns. The simple fact is that it is a game of chance. I think this is a good opportunity for the Treasurer to tell me why that is not the case. Tell me why it is not simply an addictive game of chance. It is addictive because it is designed to trigger the addiction centre of the brain.

Mr B.S. WYATT: I accept that the member is not going to support this. I accept that the member will say that it is an electronic gaming machine and we will say that it is not. Let us assume that is the focus of the debate. I get that. The form guide influences the outcome. It influences what numbers are generated. I want to emphasise that. That is why there is a form guide; the numbers are influenced by the form guide. I want to read something in for the member. Again, we are not going to agree, and that is fine.

Electronic gaming machines are individual in nature, providing people the opportunity to bet on several machines simultaneously at a faster rate with limited decision-making. Currently, they can be played 24/7 in Crown Perth—and only in Crown Perth. Trackside is a system-based product providing only one opportunity at a time to bet at a rate no quicker than once every three minutes. As I said, the numbers generated are influenced by the form guide. That is why there is a form guide. The form guide is there not as a cartoon comic. It has an influence on the numbers. In response to the member's question about the random number generator, whilst the generator is at the core of both EGMs and Trackside, the nature of the gambling is significantly different. Trackside is more appropriately compared with bingo or keno, which is a random number generated to determine the outcome. Random generators are also used for Saturday night lotto. I suspect hundreds and thousands of Western Australians buy a ticket in Saturday night lotto, which is completely and utterly random. It is not influenced by form. Just because in the last few weeks we had the number 6 in it does not mean that the number 6 is any more likely to appear this Saturday night.

Mr J.E. McGrath: On Saturday afternoon at the bowling clubs, people have these random things, rather than having a barrel.

Mr B.S. WYATT: Correct. It is because they are random generators. The form does influence the numbers that are generated, so there is a difference. But I accept that the member will continue to say they are exactly the same as electronic gaming machines. We will say that they are different and we will have to agree to disagree. Clearly, the member is anti-gaming and gambling. I am not a gambler. I do not gamble, so I am having this conversation with the member as somebody who does not gamble, but I understand, for example, the same concern the member has around simulated racing is exactly the same concern the member should have around Saturday night lotto, because it is exactly the same issue that the member raises with his concerns around randomly generated numbers.

Dr D.J. HONEY: To be very, very clear, my concern in this matter has been explicit from the start. I have not embarked on a general concern about gambling, but I will say, Treasurer, that I would be surprised if the Treasurer is not concerned about the growth of gambling in this state.

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Mr B.S. Wyatt: I am.

Dr D.J. HONEY: I am extremely concerned about the expansion of electronic gaming machines outside the casino. That is specifically what this bill enables.

In fact, the tenacity with which the minister is clinging to this makes me concerned that that is the main purpose of this legislation; that is, the Australian Hotels Association is finally getting its way with gaming machines. I am concerned that that is the real thing driving all this, and that it is not a genuine attempt to help the racing industry, which is the genuine concern of the member for South Perth. The minister has not explained why this is not simply an electronic game with a random outcome that is designed to trigger the addiction centre of punters' brains. I am intrigued to understand how he can come to any other conclusion. Looking at this clause and from my understanding of this game, it triggers all the addiction strategies outlined in the Australian Institute of Family Studies. The minister is choosing to take this outside Crown Perth and introduce it to TAB agencies. I foreshadow that I will move an amendment to this clause after I receive further answers.

Mr B.S. WYATT: I have dealt with this, but I will explain it again. The member is saying that it is an electronic gaming machine; therefore, the document to which he referred will always back his argument. I do not say that it is an electronic gaming machine, therefore the member must understand that we will not agree on this point. What the member should be worried about, and what worries me far more than anything else, is the prevalence of gambling on mobile phones. If we look at any increase in gambling, it is not in the racing industry; rather, it is in sport-related gambling through mobile phones. Given the member for Cottesloe's view on gambling, he should introduce a bill to ban that because that is clearly his view. By a factor of 10, I dare say that is where the increase in gambling is. It is not at TABs and it is not at the casino; it is people gambling on sport through their phones. That is why we introduced a point-of-consumption tax so that, at the very least, they will pay tax, which I think most people would find to be reasonable. It is not a gaming machine. I said it in my second reading reply—I am sure the member for Cottesloe listened intently—and I will say it again. It involves the same steps as betting on a normal race. People choose a horse based on a form guide, and the form guide influences the randomly generated numbers that the member referred to. They fill out a betting slip, as they would do with any other race, and put the betting slip through the terminal, as they would do at a racetrack. They will watch the race on a screen like they do with any other race at the TAB. Currently, this product is available only at the casino.

The member for Cottesloe said that this is all about the AHA. I would like to think that is not the member's view and that it was a snide remark. My view is that it will provide an opportunity to the TAB agents who are under incredible pressure. To be honest, having met and spoken to a range of TAB agents, some are ambivalent about Trackside. They say it will not impact on them and they will likely get out of the industry. Some want to see what impact it has. It will give TAB agents something that their competitors do not have, so it is quite different from electronic gaming machines. I know that the member for Cottesloe will not agree with that, but that is my position. The member for Cottesloe said that this is basically doing what the AHA wants. Fewer than five per cent of all the liquor licences around the state have a TAB, and only 13.7 per cent of clubs and pubs have a TAB. This is an important point, because the member seems to think they are everywhere. Only the minority have a TAB facility within them, so this is certainly not about that at all. It is really an opportunity for the diminishing number of small business people who hold a TAB licence—I suspect we would all have one in our electorates—to have something that their competitors do not. That is the intention. I am keen to see the member's amendment, because I accept that his worry is about Trackside. My worry is really more about online sport gambling, which, as the industry plateaus and tanks, the member should really be worried about if he is worried about problem gambling. I am happy to see his amendment and whether it might be accommodated separately.

Dr D.J. HONEY: Hon Geoff Gallop, a former Premier, considered Trackside an electronic gaming machine. The current Premier in 2016 described Trackside as an electronic gaming machine. The Community and Public Sector Union—Civil Service Association of WA describes it as an electronic gaming machine. The Western Australian Council of Social Service describes it as an electronic gaming machine. Gambling experts describe it as electronic gambling machine. I am serious on this point. I refer the Treasurer to my contribution to the second reading debate and urge him to look at the references, because all the people I have referred to describe Trackside as an electronic gaming machine. It is nothing other than that. I will be interested in exploring the extent of this later on. I looked at where there are currently TAB agencies and it will be interesting to see how far that will go later in this bill. The Australian Hotels Association has been trying to expand electronic gaming into its venues for some considerable time. It is a stated policy, and this is the Trojan horse. This is the first time it has happened. I will not go on with the debate. I have not heard the Treasurer provide any satisfactory answer to this matter. I would like to move —

The ACTING SPEAKER: We are not at clause 46.

Dr D.J. HONEY: Sorry, we are not there; we will get there.

Mr B.S. Wyatt: Is there a copy of the amendment?

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The ACTING SPEAKER: It is on the notice paper.

Dr D.J. HONEY: That is okay, Mr Acting Speaker has it. We will go through it. I think I have covered the question about clause 40.

Mrs A.K. HAYDEN: I refer to the definition of “simulated racing” at line 6 of page 28 of the bill. It states that it is a game that consists of animated images of a thoroughbred race, harness race or greyhound race the outcome of which is only determined by a random number generator that draws a set of numbers from a larger set of numbers. I note that it determines “simulated racing”. We are aware of Trackside, and I think there is also virtual play; I do not know whether there are any others. I understand why the term is “simulated racing”. On line 3 of page 29, the next page, there is a definition of “sporting event”. Is there any way the definition of sporting event can be expanded into the definition of simulated racing? I know that virtual play has a lot of sporting stuff on there. I want to make sure that the sporting event does not enable simulated sport.

Mr B.S. WYATT: The answer is no. Coming back to page 28, “simulated race” is defined in paragraph (a) of the definition, which states —

that consists of animated images of a thoroughbred race, harness race or greyhound race;

It is not sporting.

Mrs A.K. HAYDEN: I thank the minister. That is just a grey area and we want to make sure it does not happen. Why would the definition of “sporting event” be an event of a sporting nature, including a footrace? Excuse my ignorance, but I have no idea whether there is a footrace run around a horseracing track. Can the minister explain what the definition of sporting event is for and why it is in the bill? What event is it meant to be applied to?

Mr B.S. WYATT: That is in reference to the existing sports wagering account. Currently, unclaimed dividends from betting on sporting events go into that account. It is for any sporting event. The specific reference to a footrace is odd. In my view, the words “of a sporting nature” would capture a footrace. I suspect most people around this table would agree, but it is a matter of providing drafting consistency with the current act, which specifies a footrace in particular. That is in respect of the sports wagering account that currently exists.

Mrs A.K. Hayden interjected.

Mr B.S. WYATT: No.

Mr D.C. NALDER: I have a quick question on the back of that, which comes back to some of the questions from the Leader of the Opposition on the revenue generated from Trackside. I am talking not about the revenue generated for the successful tenderer, but about the tax generated from the state’s perspective. I got a bit confused about the rate, but it sounds like it is a different rate from what the casino pays. I seek clarification of that. I would like an understanding of the forecast of or modelling on what the state itself will generate as a direct result of Trackside.

Mr B.S. Wyatt: Revenue from the point-of-consumption tax or something?

Mr D.C. NALDER: Yes.

Mr B.S. WYATT: I will be honest: we do not know. As I think the member referred to in his contribution to the second reading debate, we have looked to other states. We will not know until, say, a year in, when we can see what is actually being delivered. Other states have generated revenue from simulated racing at a rate of three to four per cent. Is that going to be the same here? I am not in a position to say. The member for South Perth is nodding his head. He would agree. When we are 12 months in, we can probably have a look at that. I cannot tell the member now because we do not know the answer to that.

Mr D.C. NALDER: I am a little surprised that there has not been some sort of estimate from Treasury, or that it has not done some form of modelling.

Mr B.S. Wyatt: Three to four per cent is the assumption.

Mr D.C. NALDER: What would three or four per cent generate?

Mr B.S. Wyatt: As POC revenue? I do not know. I do not have that in front of me. Even if I knew, I would not be able to tell you by the sounds of it, particularly at this point of the sale process.

Mr D.C. NALDER: The Treasurer said three or four per cent. I imagine that any prospective buyer would be doing an analysis of that and determining the likely flow of revenue based on a similar figure or better. Therefore, the tax could be calculated.

Mr B.S. Wyatt: By way of interjection, that is our view.

Mr D.C. NALDER: I am not sure that the argument about confidentiality stacks up in this case, so I am a little disappointed by that. My thinking is that if the government has not considered booking a revenue source from this form of gambling, has it at least considered how it will use whatever money is generated? A number of us,

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including me, have concerns about the impact of gambling and of opening up other forms of gambling in the state. The historical position of both sides of Parliament has been that we are not keen to allow additional forms of gambling in the metropolitan area, other than those confined to the casino. If the government has not considered what amount of money that will be, would it perhaps consider whether the revenue that is generated from here would go to a social benefit, such as helping problem gamblers and that sort of thing? Has the government considered that as part of this process?

Mr B.S. WYATT: That is a good question. I noted the second reading contributions of a range of opposition members on the proposal put forward by the member for Cottesloe or the Leader of the Opposition—I am not sure who put it forward—to link the revenue from Trackside with a fund for gambling. I might be paraphrasing, but that was essentially it. There has been some thought around that, I will be honest. I think all members of this place would expect that problem gambling is on the increase due to technology. It is much more prevalent. I say that without having any specific knowledge of it. The member would have heard me last night go through the different problem-gambling services that we fund. When I say that we fund, I mean that Racing and Wagering Western Australia funds and the committee funds, and what the new operator will fund. They include Medibank Health Solutions, which is a 24/7 helpline; Centacare face-to-face counselling; and Gambling Help Online, which provides online help 24/7. Interestingly, the government also provides another \$500 000 a year to a financial counselling services program to assist people who experience financial hardship as a result of problem gambling. One thing I have considered is that of the three that I have provided to the member, as I said last night, there is no wait list. I could say that due to the fact there is no wait list, people who are experiencing gambling issues are having no problem getting the services they need. I am not convinced that that is quite correct, so one thing I have been pondering—I am happy to converse further with the member about it—is doing a better analysis of what we provide in this state compared with what is provided in other states, because, as we all know, every other state has a much deeper gambling industry than we have here, to see what works over there that we might want to consider here.

As I said, the amendment that is coming is simply to ban simulated racing. I will not accept that, because, as I said, I want to give the TAB agents an opportunity to compete. I suspect that if we did that, it would have an impact on the infrastructure fund for the racing industry. However, I am happy to perhaps have a conversation with the member around maybe funding a review of what we do here and what is done in other states and have that report perhaps guide some decisions around what might be better applied here in Western Australia. As I said, to be honest, other states have a better experience with this because they have a much deeper industry. That is something I would be willing to have a conversation about, but I would prefer to have that conversation and make any commitments that the member might want to see separate from a legislative amendment. I am keen to have the legislation pass, but I do accept the point the member for Bateman makes and the comments that have been made by the member for Cottesloe. I am happy to have that conversation with him. That might, hopefully, assuage some concerns here and perhaps those of some of the members in the upper house.

Mr D.C. NALDER: I would like to correct the record. I checked the Treasurer's second reading reply speech with the Leader of the Opposition. The Treasurer criticised the Leader of the Opposition's suggestion that this was putting an impost on the successful tenderer for the revenue that they would generate. But the Leader of the Opposition's intention was always about the revenue that the government generates, and that as a result the government would be generating a taxation revenue because of Trackside. Therefore, his view was that perhaps that needs to be directed, which could be broader than the issue of Trackside, to encompass the things that we are talking about with online gambling over the phone. I acknowledge that it is a fast growing and big issue, and I am worried about how many of our youth are being attracted to that form of gambling. I wanted to correct that, but I will pursue, in the absence of the Leader of the Opposition —

Several members interjected.

Mr D.C. NALDER: Be polite and respectful.

In the absence of the Leader of the Opposition today, I will shortly pick up the amendment that we intend to put forward. I think the government should be giving serious consideration to the revenue that is generated from Trackside, particularly given the government has not done any form of modelling, so it is not aware of any revenue. It would not be an impost on the budget; it should be directed towards a social issue that is of concern to this community and that the Treasurer acknowledges, to look after and support people in this state who have gambling issues. I will be pushing that, but not just now. I wanted to clarify that at the appropriate time I will move such an amendment.

Mr B.S. WYATT: An issue I will raise there—that is fine—is that we are getting the policy development around the wrong way. We want to allocate a bucket of money to something, but we do not know yet what. To be honest, we have done that with a range of different pots of money and got ourselves into strife. That is why I was suggesting that it may be better to have an understanding of what we are providing in Western Australia, what is

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being provided in other states, and what might work here. Other states, as we all know, have a deeper gambling industry than we have here; therefore, it might be reasonable to conclude that they have a better understanding of problem-gambling programs that have or have not been successful. All I know is that this is what we provide. Are they successful? I can only assume, but I do not know. I am willing to have that conversation with the member around what we might be able to do at that front.

The ACTING SPEAKER (Mr R.S. Love): Before you continue, member for Bateman, I would like to acknowledge the family of the Templemans, who have come to witness the proceedings tonight. They have come from Mandurah. I hope they have enjoyed the evening and the big meal. Welcome to the chamber!

Mr D.C. Nalder: Welcome from regional Western Australia!

Mr D.A. Templeman: Hear, hear!

Mr J.E. McGRATH: I am going to provide some information. That is what I am about—providing information. Firstly, I make the point that I will not be supporting the amendment that has been agreed to by my party because I do not agree with it. I think that Trackside is very important, because it will provide more funding for the racing industry. That is why we are here. We are privatising the TAB for one main reason, and that is to support the racing industry, because our TAB is under huge pressure from the big corporates. On 11 October last year, I asked Richard Burt, the CEO of Racing and Wagering Western Australia, what turnover Trackside might generate in Western Australia, and he said that by year 3 it would generate \$80 million a year. That is turnover; that is not profit. I said, “I thought you told me once that it would be \$7 million or \$8 million a year?” He said, “That’s the distributable profit.” It would be \$7 million or \$8 million a year that would be distributable after costs. Then it comes down to who gets the \$7 million or \$8 million. My view is that probably the new operator will get a share of that. When companies tender, they would like to think that they are going to be getting something out of this; they are not going to tender for something that is all going to go to the state. But it will be subject to the point-of-consumption tax, so the industry will also get a take-out of this money.

I do not believe that that money should go into a fund to support the fight against problem gambling. I do not think the taxpayer should pay that; I think the operator should pay that. The new operator of the TAB should put in towards that fund. Crown already pays into that fund, as do other wagering operations that have been put in place to fight against problem gambling, such as the Australian Hotels Association. There are huge services for problem gamblers in Western Australia. It has already been mentioned that there is plenty of room on the helpline—a caller does not get held up. Basically, I would think that by year 3, Trackside would probably be making a profit of \$7 million or \$8 million a year. How that is distributed would be part of the contract that is drawn up between the racing industry and the new provider.

Mr B.S. WYATT: Correct.

Mr J.E. McGRATH: That would all be drawn into the contract. There might be some argy-bargy over that, but that would all be part of the contract negotiation. Am I right?

Mr B.S. WYATT: The member is quite correct, and I agree with him wholeheartedly. It should be the operator funding these programs, not the taxpayer. Having said that, I am happy to perhaps fund a review of whether these programs are working or not, and what might be working in other states. In going forward, I want to ensure that the committee that funds it through the operator, whoever that may be—at the moment RWWA—is funding the services for problem gambling. We are in agreement, member for South Perth.

Mr D.C. NALDER: I have just remembered my point. To clarify: is there a process in the contract to put an impost on the new tenderer, as the member for South Perth talked about, to fund problem gambling issues? That process was just suggested, and the Treasurer acknowledged that it was a good idea, but I have not seen anything in this legislation that would suggest it would be undertaken. I seek clarity on that.

That is the first part of my question, but I might as well ask the other part. My point around directing the revenue that the state generates is that the government is talking about putting in place a review in three years’ time. Rather than the government wait for three years to determine what it should do about something, why not commit to the review now and then review it in three years’ time? If it is found that too much money is going somewhere or whatever, the government will be able to change things. If there are better programs—less or more, whatever it needs to be—it can be part of the review. There is no modelling and there will be no impost on the state because it has not factored in any revenue from this form of gambling, and the state will generate more revenue. As the Treasurer acknowledged, there is a growing problem with mobile gambling and so forth and the state needs to look at best practice in other states. We are different from other states because we do not have the proliferation of pokies in clubs and so forth in our community and therefore I do not expect that we will have the same number of issues that possibly occur in other states, but there is an opportunity to do something. I raise that issue to try to encourage government to at least consider that issue at this point.

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Mr B.S. WYATT: Yes, there will be a requirement for them to pay that, and that will be in the agreement that is negotiated. I think that is a fair point. I am happy to do that review now, in, say, the next six months, bearing in mind that the sale of the TAB will not happen in the next six months. That way, by the time the sale takes place, we will have an understanding of the issues. I am happy to commit to that review if the member thinks that will assist the passage of the legislation.

Mr D.C. Nalder: I will leave it for now on this definition clause, and I will take it up at the appropriate time.

Clause put and passed.

Clauses 41 to 45 put and passed.

Clause 46: Section 5C inserted —

Dr D.J. HONEY: I may as well cut to the chase and move my amendment on the notice paper. I move —

Page 36, lines 14 to 16 — To delete the lines and substitute —

This Act does not authorise betting on a simulated race.

As I made clear in my contribution to the second reading debate, I understand the majority of the government's reasons for going ahead with this legislation. I will say again that I am placing my faith in the member for South Perth that the industry overwhelmingly wants those changes and will support the industry. However, I have very grave concerns about the expansion of what is called simulated racing, but for the sake of it, let us paraphrase and call it Trackside, because that is what it is likely to be. I have great concern about the expansion of Trackside to venues outside the casino, because this will be a profound change in the bipartisan policy to limit electronic gaming. Let us make no mistake, members. I am not sure why people are going around this in various ways and trying to say that it is not electronic gaming. On any definition, this is electronic gaming. It is an electronic game of chance based on a random number generator. The truth is that for decades now, both sides of Parliament have been fundamentally opposed to expanding that. I will not go through my contribution to the second reading debate again—I do not have time—but it is very clear that electronic games of chance substantially increase the risk of people becoming addicted to gambling.

People use euphemisms when they want to talk about things that they do not want to hear. For example, when someone dies, people talk about them having “passed”, because it is an unpleasant topic. We are talking about the expansion of electronic gambling and people say, “Oh, he’s a problem gambler”, as if the problem is with the gambler. The person who becomes addicted to a game that is designed to addict people is called a “problem gambler”, as if it is their problem. No; they are extraordinarily unfortunate individuals who have become addicted to something that is designed to addict people. It is like putting cocaine out there and then saying, “Oh, the problem is that people are addicts”. The simple reality is that these electronic games have a far more potent effect in addicting people to gambling than do things like lotto. I know the Treasurer is a well-meaning person, but I heard him refer to lotto. This is nothing like lotto; this is an electronic game. Potentially, if they were fast enough, someone could bet up to 252 times on it. It is designed to make people want to do it again and again.

Later in this bill we will look at the potential for this to expand much further than has been indicated by the number of agencies. It surprises me that the Treasurer is going to put his name to it. For decades there has been bipartisan opposition to this but now it will be the Treasurer, Hon Ben Wyatt, who expands electronic gaming beyond the casino. I know the Treasurer takes his role in this place very seriously, but it is almost as if he is quite sanguine about this. This is a momentous occasion and a momentous thing for this house to do.

I do not have any other problems or concerns with this bill. I have questions and I know my colleagues in the Nationals WA want to deal with important matters.

Mrs A.K. HAYDEN: I would like to hear more from the member for Cottesloe.

Dr D.J. HONEY: This is absolutely momentous. As I said, I have no problem with the rest of the bill. I understand that the government has a fair mandate for this. It was very clear before the election and said, “If we get support for this from the racing community, we’ll progress with it.” Good on it; it has gone through this in an honourable way and I know it has gone through it in a very considered way. The only thing I think has not been considered properly is the expansion of electronic gaming outside the casino in the form of Trackside or an equivalent, and we know it is likely to be Trackside.

The government needs to beta test this with the community. I have four kids still at home. My kids and my partner have very diverse political views, and I use them a lot for guidance. I did not lead them on this; I just mentioned that this was likely to happen, and they were aghast. They said that this was a fundamental change and that Western Australians do not want this. Western Australians do not want electronic gaming outside the casino. I encourage the Treasurer and members to go and beta test this with their communities and ask them what they

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think about this. I can tell them that all the people I have spoken to have been appalled by it, which is why I am shocked that the government is considering it. Other things may cloud the issue, but that is the truth.

The extra money from the TAB sale with Trackside simply does not justify the harm this will do in the community. Again, it is very, very clear. If members refer to documents by the experts on this issue, they will see that the expansion of electronic gambling outside the casino will ultimately increase the number of people who will become addicted to gambling. We blame them and call them problem gamblers, but they are not. They are unfortunate people who have become addicted to something that is designed to addict them. Like a designer drug, it is designed to addict them. The point is to get them to do it again and again when they should not. The logic is that the government will put extra money into trying to fix them up afterwards. I am staggered by this. It is like saying we will give free cocaine to kids at school to raise a few more bucks for the community and the government, but people should not worry because we are going to put extra money into a drug addiction program to fix them up.

At the end of this process, we are going to have to take what we can get. Clearly, we do not have the numbers on this side of the house, but I hope that members opposite will listen seriously to this debate and realise that although the sale of the TAB is fine, expanding electronic gaming outside of the casino is something that no-one in this place had agreed to, yet it appeared in this legislation. It is a profound change. I am amazed that the Treasurer will have his name on this forever. It will be this Treasurer who has expanded electronic gaming for the first time. Nearly every other person in this place has opposed this for the last few years. There is no critical requirement to include Trackside in this legislation. It is just a sweetener. We have heard that it is critical because we have to have Trackside to make money. On page 6 of *The West Australian* on 11 June 2019, an article titled “Windfall to racing codes shorten TAB sale odds” stated —

WA’s TAB has become a more lucrative target for prospective buyers after financial results that have triggered record funding for the State’s recent industry.

I will not go through the whole article because I do not have time, but the simple truth is that the TAB increased its profits last year and has increased its profits again this year. The TAB is a profitable agency. The government will get a good price for that agency and will have more than ample funds from the sale to go back into the industry. There is no question that the industry will not get funds for capital and the like. The simple truth is that this is an unnecessary step, which will cause harm in our community. I urge every member to oppose it.

Mr D.T. REDMAN: I do not think the Nationals WA will support the member for Cottesloe’s amendment, but he has made some really good points. There has been discussion about the definition of gaming machines, and about the different levels of gambling products and the impacts those products have on the people who use them. Ultimately, all of us are very aware of the social impact of a lot of these issues. Yesterday, and again tonight, we talked about a number of products that should be kept out of hotels, notably pokies. There was bipartisan support for that. No-one wants to see pokies in hotels. I am the last person who would want to see that. It is tough to draw a line through the different products and say, “These are okay, but that one is not okay.” We are accepting simulated racing as another product, but there are a bunch of products that are not accepted that I think are no worse, and may be better from a gambling point of view. I will read from an Oliver Peterson interview on 27 June 2016 with Mark McGowan, who was then the Leader of the Opposition. He says —

Now that is the Racing and Gaming Minister Colin Holt this morning outside State Cabinet. He has come back to clarify ... or his office has anyway, to say that the Government has no intention of allowing electronic gaming machines or pokies outside the walls of Crown Casino as part of the proposed sale of Western Australia’s TAB. WA’s no pokie policy has ensured our State has one of the lowest rates of problem gambling in Australia, but it still could be tied to a deal that any potential buyer of the TAB could potentially operate Keno machines in TAB outlets in country pubs. That is some of the thinking here and the State Opposition Leader, Mark McGowan, joins me on the line this afternoon.

...

Mark can you believe that Colin Holt might be talking about expanding, whether it be gaming machines or Keno outside of the Crown Casino into country venues?

He was being pitched the question about gaming machines and Keno. There has been a discussion in the chamber about gaming machines. I understand Keno is almost like an electronic version of bingo—it hardly hits the threshold of a significantly addictive game. Perhaps it is, but certainly I do not see it as any worse than simulated racing, which the government has chosen to include in this bill. I quote part of Mark McGowan’s response. He says —

Now the Government is talking about expanding gaming machines out into the broader community. All that will mean, is more people pour their money into those machines, more people particularly those on pensions, and those who can least afford it, will lose money. ... It is a very, very disturbing development and I oppose it absolutely.

Dr David Honey; Mr Ben Wyatt; Mrs Alyssa Hayden; Mr Dean Nalder; Mr John McGrath; Mr Terry Redman

The now Premier and then Leader of the Opposition opposed Keno, and he described gaming machines as a risk, which he opposed absolutely. Clearly, the Premier has drawn a line saying that simulated racing is okay. I am supporting that, because Hon Colin Holt as the Minister for Racing and Gaming at the time supported Trackside. That is a position that we have held and I have been through that as a cabinet minister. But I do find it slightly hypocritical that the government has chosen to draw a line, saying that simulated racing is okay but Keno is not. Unless someone can put me straight, I thought Keno was just glorified electronic bingo, something I would have thought might be on par with simulated racing, if not slightly better from an addictive path and social impact perspective. That is an observation worth noting, and the government is clearly putting this in the legislation because the value of the TAB is in hand somewhat, so it is a proposition for the bottom line for government. I find it pretty tough that lines are drawn here, and that the now Premier, when Leader of the Opposition, took a pretty hard line on this. We have already debated some of that as we have gone through this. The hypocrisy in this space has been pretty hard to deal with. The Treasurer responded to that already, so I am not expecting a response to it, but it is an interesting observation that there is a pretty fine line drawn between different products out there, and, at the end of the day, this is another product.

Mrs A.K. HAYDEN: I, too, would like to speak to the amendment and thank the member for Cottesloe for moving it, as I raised my concerns on this issue in my contribution to the second reading debate. I am not here to throw barbs today. We do that a lot in this place, but there are times when real issues matter. There are times for theatrics in Parliament, and to me this issue is not one for theatrics or for throwing barbs. This issue is about our community, and it is about upholding a very long term bipartisan agreement between all members of Parliament, no matter what party they represent and no matter what chair they sit in in this chamber. It is not about politics; it is about what is right for the community. In the history of WA, we have proudly stood side-by-side and said no to gambling outside the designated precincts that we have made. To see this come before us, and, to be honest, Treasurer, to see it come before us from a Labor government, is something of a surprise. I would have thought that if anyone went down this path, it would be a conservative government. I can tell the Treasurer now that every one of us on this side of the house does not agree with expanding gambling across WA. If most members opposite look into their hearts, I am sure that they do not either. As I said, I am not here to throw barbs on this amendment. This is a serious amendment for our community. I am pleading with the Treasurer to find that he has the power. We all talk about how one day we would like to be in a position in which we can make a difference. This is the time to make that difference. How long has that member worked to get to this point? How long has that member worked to be the Treasurer of the WA government? Who is more powerful than the Treasurer of a government? Not many people are more powerful. I would say that the Premier is actually beholden to the Treasurer. The Treasurer is in an extremely special and extraordinary place, a place that all of us have always wanted to be in. It is a place that when we go to schools and we get up and speak to students, we tell them to stand up for what they believe in and do right by the community. If I ever get that opportunity, I will do that.

Treasurer, without getting on my knees and begging, I am really pleading with the government to think long and hard about this. Money comes and goes, but once we have broken our longstanding bipartisan agreement not to allow gambling to be expanded into our suburbs, that agreement will be gone, and it will be gone forever. I am asking if we can put politics aside for this one amendment and just for once agree that this is not the best thing for Western Australia, this is not the best thing for our community, this is not the best thing for our struggling families out in the suburbs. I have seen the effect of gambling on families. We can all go into personal things, but I have seen it. It is not a pretty sight. It is a very ugly and sad place, and it ruins families and lives for ever. I just do not think that for an extra few bucks it is worth putting our community's future at risk. If we are talking about money, flip it over. The amount that problem gambling costs governments is absolutely massive. For the short-term gain, which I seem to be seeing a lot in this legislation, we are going to feel long-term pain, and this is one of those clauses that is really going to come back to hurt our community. I do not need an extension. I think I have begged enough. I do not need to embarrass myself any further, other than to say to the Treasurer, please consider it and please think of our community in the long haul and the long-term agreement that we have all had, party to party, across benches, shoulder to shoulder. We have stood together in solidarity, and it has prevented gambling from spreading across WA.

MR D.C. NALDER: I will stand in support of this amendment as well. I do so for a very simple reason. There has been a lack of justification from the government to have a policy switch to introduce Trackside. When the government was in opposition, it was clear that it would not support an expansion of gambling services, and I fail to see the justification today for the government introducing something that I think is all about generating additional revenue at the cost of people in our community. I am a little bit concerned about it. I understand that the government will not support this amendment, but I stand with my colleagues and say that I believe that this is not justified and not something that we as a state should be undertaking as part of the sale of the TAB. I understand that the government wishes to do that. It has the numbers in this chamber to do so, and so it will go through. But I am on record with my colleagues saying that I do not think it is the right decision for Western Australia. Obviously, if it goes through, the test of time will prove whether we were correct. But I am

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placing on record that I do not believe that we should be expanding gambling services wider than we currently have in this state.

Mr B.S. WYATT: Of course, the government will not be supporting the amendment. I accept all the arguments that have been made, particularly by the members for Cottesloe and Darling Range. I want to emphasise that the long-term bipartisan commitment that everyone has been talking about to keep pokies out of the suburbs remains. I do not think anyone is proposing that pokies be expanded more broadly into Western Australia. Anyone who has travelled east knows exactly why that is the case.

The member for Darling Range made the point that once gambling has been expanded into our suburbs, it is there. The mobile phone has brought it to everybody. The reality is that if we are going to pull it out of the suburbs, that is what we have to deal with. By far, online gambling on sport in particular has dominated. It is the beast. It is the gorilla in the gambling world. We have done this for the same reason that the member for Warren–Blackwood and Hon Colin Holt proposed in the previous government: it is an opportunity. Why did they do that? That is why the conversation around this issue continued when we came into government because, to be honest, we want to provide the TAB agencies in particular with an opportunity to compete. We have met with a lot of them through their representative body. I suspect that a lot will disappear in the not-too-distant future because they are struggling. That is why we have provided the smaller TAB agents with the opportunity to get out in the first 12 months, if that is what they want to do. I think that is fair. Some want to take the opportunity to try to continue to operate their businesses. The point of this is to ensure that we give those small businesses that took on licences many years ago—some more recently—an opportunity to compete. It was mentioned that an increase in the sale price will flow through to industry. That is the point. That is why industry is keen to see it as well. There is no intention to expand it more broadly into Keno. Trackside is very much a destination. A person going into a TAB has a particular interest in betting on horses or dogs. I describe Keno the way the member for Warren–Blackwood describes it; it is like bingo. Anyone can come and play bingo. That is the nature of it. It is much more readily accessible for any other punter like me who does not know anything about horses. I am more likely to play Keno than bet on Trackside. There is no intention to extend into Keno.

Mr D.T. Redman: But you'd have to put them on parity in terms of the social impact.

Mr B.S. WYATT: I suspect that Keno probably has a deeper social impact because of the nature of it; it would capture a lot more people. People do not have to be interested in horses or dogs to gamble on them. They do not have to pick up a form guide and work out why Terry's Delight is likely to come in over something else!

I accept that this is a sensitive issue. I get that. I think this is the right balance that consecutive governments have been talking to industry about. I think we have got that. I hope I am the Treasurer who finally deals with this issue around the TAB, and that in another three to five years some other Treasurer does not have to deal with it all over again at a time when the industry continues to struggle and the value of the TAB continues to decline. I accept and understand the decision that has been taken by people but the government will not be supporting the amendment.

Division

Amendment put and a division taken, the Acting Speaker (Mr R.S. Love) casting his vote with the ayes, with the following result —

Ayes (10)

Mrs L.M. Harvey
Mrs A.K. Hayden
Dr D.J. Honey

Mr A. Krsticevic
Mr S.K. L'Estrange
Mr R.S. Love

Mr W.R. Marmion
Dr M.D. Nahan
Mr D.C. Nalder

Ms L. Mettam (*Teller*)

Noes (29)

Ms L.L. Baker
Dr A.D. Buti
Mrs R.M.J. Clarke
Mr R.H. Cook
Ms M.J. Davies
Ms E.L. Hamilton
Mr T.J. Healy
Mr M. Hughes

Mr D.J. Kelly
Mr F.M. Logan
Ms S.F. McGurk
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mrs L.M. O'Malley
Mr S.J. Price

Mr D.T. Punch
Ms M.M. Quirk
Mr D.T. Redman
Mr P.J. Rundle
Ms A. Sanderson
Ms J.J. Shaw
Mrs J.M.C. Stojkovski
Mr D.A. Templeman

Mr P.C. Tinley
Mr R.R. Whitby
Ms S.E. Winton
Mr B.S. Wyatt
Mr D.R. Michael (*Teller*)

Amendment thus negatived.

Mr D.C. NALDER: I intend to move, at the appropriate time, the following amendment —

Page 36, after line 16 — To insert the following new clause —

46A. Section 5D inserted

At the end of Part 1 insert:

5D. Revenue from simulated races

This Act authorises betting on a simulated race only if all revenue from wagering on simulated racing is given to Healthway or Lotterywest to address problem gambling.

The revenue referred to is generated by the state. I will not spend a lot of time on this issue, because I have raised it enough with the Treasurer previously when we were looking at the definitions of simulated racing. The point I would like to make is that the state government is introducing a new gambling mechanism in Western Australia, Trackside racing, as part of the sale of the TAB. There has been no economic modelling on that. Assumptions have been made about the revenue that will be generated, based on what occurs in the eastern states, but we know that the eastern states already have poker machines in their public premises. We know that the state will derive additional revenue. There has been no forecasting and no assessment for budget purposes. We would like to encourage the government, through this amendment, to ensure that the revenue generated from Trackside, albeit it is expected to be a small amount of revenue, is directed, through the appropriate authority, towards problem gambling in Western Australia.

We have talked this evening about the increased problem of online gambling and the increased uptake of gambling by our youth. I think it is appropriate that the government make funds available to start to address this growing social problem in Western Australia. We know that income will be generated and has not been accounted for. There is no model and no budget for that revenue. It will be additional revenue for the state. I want to encourage the government from the outset to consider directing that revenue towards problem gambling. I believe that Healthway or Lotterywest, or the appropriate body that the government determines, should be the vehicle through which these funds are directed. This amendment seeks to encourage the government to use the additional funds that will be generated for that purpose.

Mr D.T. REDMAN: I support the amendment proposed by the member for Bateman. I think there is broad acknowledgment from both sides, including the Treasurer, of the issue of problem gambling. I have just read out a statement from an interview in 2016 with the then Leader of the Opposition and now Premier in which he talks about the massive social impact and cost of gambling. What better way to address this than to have a steady flow of resources to offset that problem. It will never solve the problem. The amendment that the Liberal Party has proposed makes a lot of sense and certainly has our support. As the Treasurer said, we only need to go over east to see the impact of pokies. Problem gambling in Western Australia is not at that level, but it is still an important issue that we need to address. This is a reasonable path to take. It certainly has my support, and I am pretty certain it has the support of the National Party.

Dr D.J. HONEY: I am not going to burn the house down over the loss of the last amendment, but I still hold those views very strongly and closely. I support the amendment proposed by the member for Bateman. It was originally proposed by the member for Riverton. We heard in the briefing that the estimate is that across Australia, there has been a 50 per cent expansion in gambling income over the last 10 years. We would assume that would be the case also in Western Australia, although Western Australia has a lower level of gambling than other states, due in large part to the fact that we do not have pokies in our clubs and pubs. That is a horrifying statistic. As I have said, this money does not come out of the pockets of wealthy people who can afford it. Invariably, this money comes out of the pockets of the people who can least afford it. Gambling is an epidemic in our community. The Treasurer pointed out that there has been a massive expansion in other forms of gambling; therefore, we should look to expand gambling in this way. I find that a nonsensical argument. It is a bit like saying the house is burning, so if we throw a bit more petrol on the fire, who cares. The reality is that this will lead to an increase in gambling, on top of all the other forms of gambling that we already have in this state. This government and this Parliament need to have a serious look at this issue. As was pointed out by the opposition spokesman on Treasury matters, the member for Bateman, the government does not have anything tagged against this money. It would be almost obscene if the government were to use any of the profits that it will make out of Trackside for any other purpose. That money should be directed to deal specifically with—I do not want to call it problem gambling, because that stigmatises people who are victims of a system that is designed to get them addicted. The issues in the community caused by gambling need to be seriously tackled and dealt with. The money that will come in from Trackside could help deal with that issue. I believe the estimate of two to four per cent growth in revenue from this is a substantial underestimate. That estimate is based on states that already have pokies. Make no mistake, members; in my mind—I think this will be proved to be correct—this will become the equivalent of pokies in pubs and clubs because it will be the only alternative for people if they want to be involved in electronic gaming. Members have been to the eastern states. Despite online gambling, the clubs with pokies are full every Friday and Saturday night. One of the most depressing experiences of my life was when I went to the Penrith Panthers rugby club on a Friday evening and watched all those desperately poor people, many of whom were quite clearly overwhelmingly attracted, if not addicted, to electronic gambling. It is a serious issue and it needs a serious response from the government.

Dr David Honey; Mr Ben Wyatt; Mrs Alyssa Hayden; Mr Dean Nalder; Mr John McGrath; Mr Terry Redman

Although the new clause suggested by the member for Bateman will not stop additional people becoming addicted to this form of gambling, it will at least provide some opportunity for the government to use the additional profit from it to mitigate the impact of that gambling.

The ACTING SPEAKER (Mr R.S. Love): Before we move forward, a matter needs to be clarified. The member for Bateman has indicated that he wishes to insert a new clause on page 36 of the bill, after line 16.

Mr D.C. Nalder: Have I got the wrong page?

The ACTING SPEAKER: No. The signed copy that the member has submitted is for new clause 46A, in which case we need to deal with clause 46 before we can properly put clause 46A. I was not aware and the member did not say that it was a new clause; he just said that he wanted to insert words. The advice I have received from the clerks is that we need to deal with clause 46 and then we can deal with new clause 46A. It is a technical matter. I think we all know what has been said. We need to deal with clause 46, if members are amenable to putting that clause now, and then the member can introduce new clause 46A.

Clause put and passed.

New clause 46A —

Mr D.C. NALDER: I move —

Page 36, after line 16 — To insert the following new clause —

46A. Section 5D inserted

At the end of Part 1 insert:

5D. Revenue from simulated races

This Act authorises betting on a simulated race only if all revenue from wagering on simulated racing is given to Healthway or Lotterywest to address problem gambling.

Mr B.S. WYATT: I will speak to this new clause on the basis that I have heard all the arguments. I will make a couple of points about this. I get the intent here, which is why I said earlier that I am willing to consider—I do not mean in three years; I mean now—looking at what we provide. As I said, what we provide at the moment does not have a waitlist. What I mean by that is that if people need to access the Medibank 24/7 helpline, Centrecare, face-to-face counselling or Gambling Help Online 24/7, they can do so immediately; there is not a waitlist. There is support there. With this new clause, the member would effectively be putting what I suspect will be a diminishing amount of money—simulated racing is trending down everywhere, including at the casino—into Healthway or Lotterywest. Again, I am not convinced that Healthway or Lotterywest are the right organisations to address problem gambling. I think there are better organisations to do that. At the moment, I do not think the taxpayer should fund that; I think the operator should fund that, and it will fund that, like it funds what we currently do.

Again, this is the difficulty from opposition, and I get it. This would effectively override the point-of-consumption legislation. It would mean that the 30 per cent of the point-of-consumption revenue from simulated racing that goes to industry would not go to industry; it would go to government, which I am reluctant to do because it breaches the point-of-consumption legislation that stipulates that 30 per cent of revenue goes to industry.

There are a couple of reasons why I cannot support the proposed new clause. The operator, not the taxpayers, should fund this. The member for South Perth will move an amendment to the review clause to specifically include issues of problem gambling. I have not seen his amendment but no doubt he will give it to me shortly. I think that is legitimate and I am happy to accept it, but I want to see it. I think that will be the time to have those conversations, as opposed to simply trying to funnel taxpayers' money into an area that is already being met by the operator—in this case Racing and Wagering Western Australia, but hopefully in the future a private operator—so that we understand what we want to spend the money on. I understand what is trying to be achieved. Overall, we are all in agreement about what we want to achieve, but we are in disagreement about how to get there. As I said to the member for Bateman, if he wants to have a conversation about some commitments that I can make about an immediate review of what is being provided here, its effectiveness and what is being provided in other states, that may feed into something in the next six months as opposed to three years. I am happy to do that, particularly if that assists the bill's passage through Parliament.

Division

New clause put and a division taken, the Acting Speaker (Mr R.S. Love) casting his votes with the ayes, with the following result —

Ayes (14)

Ms M.J. Davies	Mr Z.R.F. Kirkup	Mr W.R. Marmion	Mr P.J. Rundle
Mrs L.M. Harvey	Mr A. Krsticevic	Dr M.D. Nahan	Ms L. Mettam (<i>Teller</i>)
Mrs A.K. Hayden	Mr S.K. L'Estrange	Mr D.C. Nalder	
Dr D.J. Honey	Mr R.S. Love	Mr D.T. Redman	

Noes (26)

Ms L.L. Baker	Mr D.J. Kelly	Mr S.J. Price	Mr P.C. Tinley
Dr A.D. Buti	Mr F.M. Logan	Mr D.T. Punch	Mr R.R. Whitby
Mrs R.M.J. Clarke	Ms S.F. McGurk	Ms M.M. Quirk	Ms S.E. Winton
Mr R.H. Cook	Mr K.J.J. Michel	Ms A. Sanderson	Mr B.S. Wyatt
Ms E.L. Hamilton	Mr S.A. Millman	Ms J.J. Shaw	Mr D.R. Michael (<i>Teller</i>)
Mr T.J. Healy	Mr Y. Mubarakai	Mrs J.M.C. Stojkovski	
Mr M. Hughes	Mrs L.M. O'Malley	Mr D.A. Templeman	

New clause thus negatived.

Clause 47: Part 1A inserted —

Dr D.J. HONEY: I go to proposed section 10 under “Division 2 — Applications for and grant of wagering licences” on page 40 of the bill. I want to dwell on this for a while. I will say why and perhaps then the Treasurer and his officers may be able to give me some guidance about whether I am barking up the right tree. There may be references elsewhere that deal with this issue. I am concerned with the ability of the new operator to expand the number of outlets beyond the current 320, I think—I put my bit of paper away. I want to look at the total number of agencies. There are pub TABs, club TABs and agencies. I understand there are three categories with betting machines available. I am concerned that a new operator could substantially expand the number of outlets. I want to explore in the subsequent clauses how that could occur. I will ask questions about proposed section 10. We will explore it later on, because I recognise this is reasonably complex and involved. Could an operator expand new outlets under this proposed section? I will be specific. Let us say that the new operator decides that this is a very good way of raising funds and that they are going to do much better. The Australian Hotels Association gets a bit between its teeth and decides to work with the new operator to dramatically expand this to bring people into its clubs and hotels, and the new operator says that it is going to put outlets in every member’s business. Will it be possible for the operator to expand the number of outlets under this existing licence? Perhaps we will go through this in steps.

Mr B.S. WYATT: Yes, it will be—like it is now. Right now RWWA can expand the number of licences. It would certainly be counter to where the market is going, but it can happen. It would be subject to proposed section 10V(1), on page 56, which states —

If the Commission determines that the conduct of betting at a betting agency or a proposed betting agency is, or will be, detrimental to the public interest, the Commission may, as the case requires and in accordance with the regulations, direct the wagering licensee —

- (a) to close the betting agency; or
- (b) not to establish the betting agency.

This is the current practice and we will continue with that practice.

Dr D.J. HONEY: Before, we heard a lot of discussion about the fact that there were very few of these agencies relative to the number of establishments available. That was before electronic gaming machines were going to be available. If this bill eventually goes through the upper house unamended and becomes law, there may be a substantial incentive for the expansion of electronic gaming machines. We know that the Australian Hotels Association is extremely keen for the expansion of electronic gaming machines into pubs. It appears that it would prefer the traditional wagering machines; however, these will be the only option available in the state. When they are the only show in town, they may prove very popular in those organisations. Perhaps we will go through it by stages. I think the Treasurer answered the first part of the question. He said that it was proposed section 10V. I want to go through other proposed sections before we get to proposed section 10V, but that one discusses how that happens. Perhaps I will leave the questions for that part there. We will go through and see how we get to the rest of it. I am asking whether there is the potential for the overwhelming majority of clubs and hotels to end up with these machines in their establishments under this law.

Mr B.S. Wyatt: No.

Mr J.E. McGRATH: I appreciate what the member for Cottesloe is saying. For a pub to get in a simulated racing machine, it has to open up a PubTAB. A lot of pubs do not want a PubTAB. To operate a PubTAB, it has to have staff behind the bar to collect the bets and pay out. It is difficult. Otherwise, all pubs would have a PubTAB. A lot

Dr David Honey; Mr Ben Wyatt; Mrs Alyssa Hayden; Mr Dean Nalder; Mr John McGrath; Mr Terry Redman

of pubs do not want gambling because it does not suit their style. As I said, the Windsor Hotel does not have one and it is one of the best pubs in Perth. I do not think there will be a proliferation. If a pub could just apply for a licence and put the Trackside machine on a wall somewhere, that would be different, but to have that Trackside machine, they will have to run an actual PubTAB. The other thing about it is that with the move away from tote betting and betting at TAB agencies, I think Racing and Wagering Western Australia is looking more at contracting the number of outlets. The world is changing. My personal view, which I hope the member for Cottesloe takes on board, is that I do not think there will be a proliferation—not with a little game like this. If we wanted to bring in poker machines or something like that, it would be a different story. I do not think a little game like Trackside would attract the revenue for a hotel to go to the extent of putting in a TAB operation.

Mr B.S. WYATT: The member for South Perth has answered that better than I could. That is exactly right. The reason we have had to provide protections, to a certain extent, to the TAB agents is that they are contracting. Their numbers are not increasing; they are coming down. Trackside is not a sufficient revenue earner to justify those sorts of costs. The member for South Perth is quite correct.

Dr D.J. HONEY: I want to go through most of those proposed sections. I am not doing it for the sake of it; I do have some interest in all of them. I refer the Treasurer to page 42. Proposed section 10C(1)(b) refers to a 40-year period. How was that 40-year period alighted on? I must say that from a contractual point of view, that seems to be a very long period for the government to commit to this. I know that there will potentially be a review, but the fact is that a contract will have been entered into for 40 years. I would like to know how that period was decided on.

Mr B.S. WYATT: This is really to incentivise an operator to hopefully make a bid of some value. We want to see a bidder or an owner investing in the business. Now, if we have 20 years, bearing in mind the return that the member for South Perth has just been outlining, a longer term was considered more appropriate to encourage investment in the business, with an appropriate time to get a return on that investment.

Dr D.J. HONEY: How does that compare with periods in other jurisdictions for similar licences?

Mr B.S. WYATT: It is 99 years in New South Wales, 12 years in Victoria, 99 years in South Australia and Queensland, 50 years in the Australian Capital Territory, 20 years in the Northern Territory, and 50 years in Tasmania.

Dr D.J. HONEY: Thank you, Treasurer. Clause 10C(2) relates to the potential to extend a licence and in clause 10C(4), the extension is potentially for two years. Is there any limit on when that can be applied, given that it is two years? I would appreciate confirmation of that. That seems to be a quite literal reading of it. I do not think there is anything suspicious in that. Is there any limit on when the minister can give that extension? I would have thought that any extension would have been limited to, say, the last few years of that contract. It says here, “If invited by the minister to do so”. A minister may come in and say, “Yes, I am mates with them”, or whatever; “I’m going to give them that extension right at the front rather than at the end.” Is there any limit on that or is it purely just when it happens?

Mr B.S. WYATT: Technically, there is no limit on it. Is the question whether the minister could extend the contract by two years at year 10 of a 40-year contract?

Dr D.J. HONEY: Yes, at the beginning, for example.

Mr B.S. WYATT: I guess technically they could, but why would they?

Dr D.J. HONEY: It gives it a little bit more benefit.

Mr J.E. McGrath: What if they got to 30 years and said, “I wouldn’t mind going for another 30”?

Mr B.S. WYATT: No, they cannot do that. This is trying to encompass if the contract gets to 37 years and the government of the day says, “Okay, what happens now?”, it provides some flexibility so that it does not have a hard end; it has a better transition environment.

Dr D.J. HONEY: As I indicated, I was a little concerned when I first read it, but then I saw the two years and it was clear it was not a sheep station issue.

I refer to clause 10E, “Transfer of wagering licence”, on page 43 of the bill. What is the requirement for consultation? I would imagine that the industry may have some interest in the transfer of a wagering licence if it thought that it was going to negatively affect its business. Is there any requirement to consult with the industry when there is consideration of transferring a licence?

Mr B.S. WYATT: Just for clarity, proposed section 10E is not proposing the transfer of a wagering licence to some third party. We can see there that it has to be to a related body corporate, but that, of course, has to be consistent with the racing distribution agreement that RWWA—whether it be Racing and Wagering Western Australia or Racing Western Australia—has agreed to as well. It is not an unlimited right to transfer, of course.

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Dr D.J. HONEY: To be clear, would that be subject to the existing arrangement with RWWA and would not trigger any new arrangements?

Mr B.S. Wyatt: No.

Dr D.J. HONEY: Thank you, Treasurer. I go to proposed section 10H, “Racing industry arrangement”, on page 45 of the bill. I am trying to understand the ability or the power of the industry to have any negotiation strength in that. Proposed section 10H(1) states —

It is a condition of a wagering licence that the wagering licensee must have in place, and give effect to, an arrangement with RWA ...

I am not sure what strength, if you like, Racing Western Australia will have in that. This goes to the point that was raised by the member for South Perth before—that this is a process that should assist the racing industry in this state. I wonder whether the Treasurer can outline to me, in a negotiation sense, what negotiation strength RWA will have in that arrangement?

Mr B.S. WYATT: It will be quite strong, because it will have the product. Only it will have what can be gambled on—horse racing and dog racing. That is the key point. If this is not arrived at, the licence will not be valid, so RWA will have a very significant position in the negotiation.

Dr D.J. HONEY: I know it has been a slightly unusual process, but we have all deferred to the considerable expertise of the member for South Perth. In this case, the licence will be given to another party, so that is the only entity that can be dealt with; there is no other choice but to deal with it. If it is to have any funding coming to it—any arrangement—that is the only entity it can deal with. I know this is close to the member for South Perth’s heart, but no matter how we go through this, I am still intrigued to see how RWA will have strength in this negotiation process.

Mr B.S. WYATT: Without it there is no licence. Without an agreement being entered into with RWA, there is no licence, so its bargaining position is strong. It has to strike the agreement; that agreement has to be struck.

Dr D.J. HONEY: I am assuming that whoever goes into this arrangement will have deep pockets, but, as we have heard, the industry does not have deep pockets. If the other party holds out on that agreement on a temporal basis, will there be anything that binds it in time? If someone were to play hardball on this, they would simply let the industry bleed for a time. Is there another transition arrangement to ensure that the industry is protected in that negotiation process? To use a colloquial term, if the other party drags its heels on the negotiation, it could perhaps put RWA in a difficult position and therefore force it into an agreement that it otherwise might not agree to.

Mr B.S. WYATT: We had an extensive conversation last night about the timing for when everything comes in. RWA will continue to run the industry until the agreement is struck. The industry is not going to transition until that agreement is struck, so there is no benefit to a new operator in dragging it out.

Dr D.J. HONEY: I thank the Treasurer for that explanation. It was a genuine concern. I understand the intent of the bill and I am concerned about the racing industry being put into a position in which it is strong-armed by a perhaps much larger transnational or international organisation.

I turn to proposed section 10K(1)(c), at the top of page 48. Maybe this is dealt with elsewhere. It states —

that an associate of the wagering licensee, if an individual, has been convicted of an offence involving fraud or dishonesty the statutory penalty for which is imprisonment for more than 6 months or a fine of \$100 000 or more;

Are there any controls around people who have associations with criminal gangs? One of the concerns in any gambling business is criminal gang involvement. I know there are other clauses we can go through, but maybe we can short-circuit that discussion. Is there anything specifically that would allow the exclusion of criminal gangs if individuals do not have any offences against their names at all? As we know, a number of people who are involved in criminal gangs have no offences recorded against them at all. Could they become involved in this industry as an associate?

Mr B.S. WYATT: The associate will be approved by the commission and the commission will apply the good repute test we discussed earlier. The test of good repute does not mean that a person has to have a criminal conviction to fall foul of it. It is a much broader consideration and will capture the scenario the member is concerned about.

Dr D.J. HONEY: That is explored a bit later on, so we will have an opportunity to discuss that in more detail.

I refer to proposed section 10N, “Surrender of wagering licence”, on page 51. I appreciate that this may be dealt with under proposed section 10O. I refer to proposed section 10N(2). What will happen if the party that holds the licence becomes bankrupt and can no longer operate? Reading ahead, the answer could be in proposed section 10O, but I would be happy if the Treasurer could answer that question.

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Mr B.S. WYATT: That would be disciplinary action. If the member looks at page 48, he will see proposed section 10K(1)(d) —

that the wagering licensee has become an externally administered corporation within the meaning of the Corporations Act 2001 (Commonwealth);

If an administrator has been appointed, a range of things can be done, such as taking it back et cetera.

Dr D.J. HONEY: That is a clear answer. I refer to proposed section 10O on page 52. It states —

- (5) The appointment ends when the first of these things occurs —
 (a) the period of 2 years ...

Reading that, it looks as if an appointment can last for two years. I am wondering why that period is so long. It seems extremely long for a temporary arrangement.

Mr B.S. WYATT: It may sound like a long time but it is to ensure that we have the appropriate time to plan and execute a more permanent arrangement. Ultimately, it is better to have more time so we will not find ourselves rushing an outcome.

Dr D.J. HONEY: I refer to proposed section 10R, “Minister may amend wagering licence on request”, on page 54 and return to a theme I raised before. What transparency will there be around that process? What process will exist to make sure that all parties, including Parliament and the community, are aware of changes that have been made? I understand that there will be an agreement between the licensee and the minister, but how will other parties be aware of that change?

Mr B.S. WYATT: There is no requirement. It is, effectively, an administrative thing between the two parties, which is not unusual. A government will often change or amend the contracts along the way and there is no automatic tabling of that document or publication in the *Government Gazette*.

Dr D.J. HONEY: I am not clear from that answer. Is there no requirement for it to be transparent?

Mr B.S. Wyatt: There’s no requirement.

Dr D.J. HONEY: The minister has given a clear answer, but it is a concern. I think all parties should have this as a transparent thing, given the importance of this to the general community, as well as to all parties.

I go to proposed section 10S(2). Will the commission have any ability to intercede in the process of setting rules? This is a bit of a theme, but it is a concern around the balance of power in these negotiating relationships. Will the commission have any ability to facilitate that process or will the commission simply record the outcome of that negotiation?

Mr B.S. WYATT: If the member keeps reading forward to proposed section 10S(4), he will see that it states —

If the Commission determines that the adoption of any rules under subsection (2)(a) —

That the member referred to —

... will be, detrimental to the public interest, the Commission may, ... direct the wagering licensee not to adopt the rules ...

The commission will certainly have a role there, and quite a strong one.

Dr D.J. HONEY: That is reassuring. I had to work some of this out as I went along, so I now go to proposed section 10U, which gets to the nub of my concern around the potential for expansion. I am not going to repeat myself again and again; I trust people are doing this in good faith. Nevertheless, I think that the reason organisations want this provision is that it will provide an avenue to make the TAB more attractive for people to attend, particularly with the in-pub and in-club machines, which is my real concern. If people go to clubs and pubs that have these machines in them, I can imagine for a certain demographic—we heard that before—particularly young single males, this will become a bit of the activity that they do in the pub, especially when they have had a few drinks and their inhibitions are lowered, which we all know alcohol is very effective at doing. It will become quite a popular thing. I appreciate people hypothesising that it may not, but when we deal with legislation, we can all have the best will in the world and hope what might happen, but equally we have to have a mind to what could happen. Sometimes that means considering things that we think are unlikely but, if they occurred, would be a concern to us. Do I take it from this proposed section—I will not go through the whole lot—that once someone has a licence, they can simply establish these machines anywhere and all they will need to do is give the commission written notice? Is that the effective control on this—that they are giving the commission written notice? What control will there be on the expansion of these machines into other establishments? Regardless of whether we think that that is likely to happen, I am concerned about what could happen. What will be the control in that process?

Mr B.S. WYATT: We will come to that again; I pointed to it before. It is always subject to the commission’s overriding capacity to determine whether something is in the public interest. The commission has the power to make its own decisions around that, and that will apply to that proposed section too.

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Dr D.J. HONEY: Let us go to that, Treasurer. Proposed section 10V—I will not read it out; it is a waste of time—outlines what will occur when conduct will be detrimental to the public interest. How do we determine what is detrimental to the public interest? What is the process for determining that? To cut down the number of times both of us are getting up, what is the transparency of that process? We will have some mechanism to determine public interest, which I would appreciate an explanation of, but also, for example, what opportunity will the general community have to get involved in that? What opportunities will other interested parties, such as gambling advocates, have to get involved in that?

Mr B.S. WYATT: I will effectively tell the member what happens now, which will happen then. The commission examines a range of locations, such as whether it is next door to a school or a church. It requires a community and social impact statement. It requires evidence of consultation with the police and the local government authority, and evidence of having completed responsible gambling courses. The commission has quite extensive requirements to make the case around the public interest.

Dr D.J. HONEY: I understand that the Treasurer is keen to get through this clause tonight and then we will consider the other ones later. I want to understand the second part of this. How does any other party get involved in that process? There are community concerns, or church groups or gambling agencies may have a concern. How will they be aware of this and how will they be involved in that process?

Mr B.S. WYATT: It will through the requirement for a community and social impact statement and the fact that they have to liaise with the local government authority if they want to convince the commission that it is in the public interest. There are a range of ways that the local community will have an opportunity for input.

Clause put and passed.

Debate adjourned, on motion by **Mr D.R. Michael**.