

**TAB (DISPOSAL) BILL 2019**

*Third Reading*

Resumed from an earlier stage of the sitting.

**MR P. PAPALIA (Warnbro — Minister for Racing and Gaming)** [2.58 pm]: I will conclude my comments by urging the racing industry of Western Australia to embrace this opportunity to provide sustainability for the industry, as agreed by their consultative committees, and as led by Racing and Wagering Western Australia on behalf of the entire industry. This is a one-off shot. There is no other opportunity to amend the act. This is it. Let us grasp this opportunity and get the best deal for the industry.

**MR B.S. WYATT (Victoria Park — Treasurer)** [2.59 pm] — in reply: I thank all members for their contributions to the debate on the TAB (Disposal) Bill 2019. The debate this week has been long, but I think it has been a good debate. A lot of opinions have been shared. I want to deal with a couple of issues that were raised during the third reading debate. I want to make one point. I think the member for South Perth would agree with this. I am optimistic about the industry. There is no question that we are going through a period of significant reform and change. To be honest, I think we have been a bit slow as a government to get the industry to where it needs to be because of the way in which technology has undermined the old model. However, I want to confirm, and I emphasise this point to my National Party colleagues, that with the point-of-consumption tax, the infrastructure fund is not the only source of funds for the industry. I think the member for South Perth knows that is not the case.

There was a story in the paper this week highlighting the flow of funding to the industry. The new operator will be required to pay a significant sum to the industry going forward. We have committed, as the industry requested, to guarantee that effectively for a three-year period. That gets us up to the review clause. That is a good thing. It will certainly provide the industry with much more certainty than it is getting now. The status quo delivers no certainty. There is no doubt that there is trepidation around change; change creates huge trepidation. The first phase provided an increasing revenue stream through the point-of-consumption tax and this phase will provide another fund to be used for infrastructure. The member for North West Central seems to think that only the interest on that fund can be used. That is not the case. The industry can use that fund as it sees fit. In the example given by the member for South Perth, if it wants to spend \$30 million up-front on a particular project, it can do that. It is much more than just the interest. But, as I said, that is not up to me; it is up to the industry to work out and have that conversation.

I think members on the other side, and certainly those in the Liberal Party, accept this critique: the problem is that we have taken so long to get here. Ideally, the TAB should have been sold during the term of the previous government. In terms of value returned, I do not think there is any doubt about that. But two things were not in place, one of which was a cohesive position from the government. Different views emerged from the then minister, Hon Colin Holt, and from the Liberal component of the government. As a result, delay and uncertainty were created. As a result of that, member for South Perth, the industry did not support it. Industry will not support something that it is uncertain about. We created a certain position, took that through the consultation and changed a range of things in response to that consultation, and I think that is why we have arrived at a scenario of pretty good support by the industry, which I will go through in a moment.

I spoke about this in my response to the question of the Leader of the Nationals WA during question time, but I want to emphasise this point: the racing clubs of Western Australia have not had a gun held to their head. We have not required a confidentiality agreement to be signed by those clubs. As I pointed out in my answer to the question of the Leader of the Nationals WA, the Thoroughbred Racing Consultative Group was given access. We got Investec to bring together all the data on projections around commercially sensitive information, including information from harness and greyhound racing. Unsurprisingly, that needed to be treated with some sensitivity. The Thoroughbred Racing Consultative Group was required to sign a confidentiality agreement about that data, but there was a specific carve out to ensure that anything in the public domain was not captured—of course not. At no point have there been any legal inhibitions on any club in Western Australia to contribute publicly or privately to the debate about the infrastructure fund, whether something should be sold or whatever it may be. I emphasise that because I am somewhat aggrieved by the comments made by the member for North West Central. Hopefully, all members in this place understand and accept that. What has been good—the member for South Perth made this point—is that a broad attack group has not emerged. I think the reason is that there has been such a long and thorough period of consultation, and I want to make a few points about that.

I read this into *Hansard* during the second reading debate, I think, and I will read it again because I want to confirm the support for where we have ended up. This is a letter dated 7 May 2018 to the Minister for Racing and Gaming from the Greyhound Racing Committee, the Harness Racing Committee and the Thoroughbred Racing Committee. It is a public document and is available online. It states —

Dear Minister,

...

The purpose of this letter is to provide feedback from representatives of the Racing Industry regarding the potential privatisation of the WATAB in the lead up to the 2019 State Budget.

The review process undertaken over recent months by the State Government has been constructive and provided a clear understanding of the issues and potential solutions should privatisation prove to be in the best interests of the Racing Industry.

We are pleased to have been actively involved as members of the newly formed Racing Committees under the auspices of ... (RWVA) in the work undertaken to date.

We concur that independent analysis —

That is the analysis that had that sensitive information that had to be treated confidentially —

has highlighted that if structured correctly, privatisation can theoretically deliver similar outcomes to the existing operations of the WATAB under RWVA's management and potentially deliver funds for the Racing Industry that might not otherwise be available to meet its longer-term needs.

That letter was dated 7 May 2018. We then went out for quite detailed consultation. This is all available online, but I think it is important that I read some of this in for people here. This quite big public document, which again is available online, was part of the consultation forums, including forums at Bunbury Trotting Club, Albany Racing Club, Geraldton Turf Club, Kalgoorlie–Boulder Racing Club and in metropolitan Perth. At page 14 of this public consultation document, under the heading “Racing Infrastructure Fund”, it states —

The Government has listened to the industry and has agreed to establish a racing infrastructure fund equal to the amount of 35 percent of the net sale proceeds from the sale of the TAB

That was in the public consultation document—35 per cent has never been hidden. That was what we went out with and spoke to industry about. We got a lot of submissions, which are all online. Every single one of them is online; members can read them. I want to read a couple.

In its submission in response to the stakeholder forums that were the subject of that conversation, Racing and Wagering Western Australia made this point —

RWVA strongly supports the establishment of a racing industry infrastructure fund and that 35 percent of the WATAB net sale proceeds to be injected into the fund.

It strongly supports that. That is the RWVA position.

Gloucester Park Harness Racing made this point in its submission at page 3 —

GPHR endorses the proposed Infrastructure Fund to be set-up with funding from 35% of the sale of the TAB.

I will table all these. The submission from the WA Greyhound Racing Association states —

The Government has agreed to establish a racing infrastructure fund equal to the amount of 35 percent of the net sale proceeds from the sale of the TAB ... WAGRA is supportive of this proposal.

The group set up by Hon Colin Holt, the Western Australian Racing Representative Group, stated in its submission that the proposed 35 per cent share of the net sale proceeds to go into the fund seemed reasonable. This has been endorsed. That is the reality; it has been endorsed. I have already quoted RWVA, so I do not need to quote it again.

I want to read a recent letter from RWVA to the Minister for Racing and Gaming, member for South Perth. Again, this will be tabled. It states —

Dear Minister,

...

We are pleased to provide the following information on behalf of Racing and Wagering Western Australia ... and the Thoroughbred, Harness and Greyhound Racing Committees. This letter follows correspondence sent to you by the Racing Committees on 22 May 2018 ...

As you are aware, the Racing Committees were appointed by the Eligible Bodies ... to act on behalf of the wider racing industry in respect to the proposed sale of the TAB.

RWVA, together with the Racing Committees, have been actively engaged in the sale process over recent months with regards to the following areas of activity;

1. The overall sale process timetable
2. Proposed draft legislation—‘The TAB Disposal Bill’
3. ‘No Worse Off’ funding analysis
4. Principles for the proposed Racing Distribution Agreement (RDA)

In the coming months RWWA in conjunction with the Racing Committees will be reviewing initial drafts of the RDA —

As an aside, I want to emphasise that point. They are still involved. As we draft the principles of the racing distribution agreement, industry is fundamentally involved. It continues —

and assessing the evolving ‘No Worse Off’ funding position as one of the outcomes from the Due Diligence process.

The purpose of this letter is to share with you the Racing Committees active involvement and to provide positive feedback towards the sale process to date.

I want to emphasise this point —

The legislation as drafted, including the funding package as a share of revenue from the TAB, the inclusion of Simulated Racing, the transfer of all cash, land and buildings (including TAB outlets) —

Its cash at bank is about \$76 million —

and other non-immediate wagering assets to the new Racing Authority and the establishment of an infrastructure fund with 35% of the net proceeds from the sale being applied to the fund are supported by RWWA and the Racing Committees. These funding elements are consistent with the principles agreed between the Government, RWWA and the Racing Committees prior to drafting of the proposed Bill.

We look forward to working with Government and contributing to the sale process on behalf of the wider Western Australian Racing Industry.

I will table that in a minute, in case I need to quote from it again.

I hope that the National Party is listening, but I suspect not. The point I want to make to my colleagues in the Liberal Party is that enormous effort has gone into getting industry on board. If we can pull this off, Parliament of Western Australia, it will put the industry in a very good position to respond to the competitive pressures of the international gaming industry. That is the best way I can describe it.

**Mr J.E. McGrath:** Wagering.

**Mr B.S. WYATT:** Sorry, the international wagering industry.

I think we are there. The National Party has made it clear that it will move a similar amendment in the upper house to ensure that 100 per cent of the proceeds of any sale go into the infrastructure fund. If that is successful in the upper house, this legislation is finished; it will not come back on for debate. A successful amendment in the upper house to make it 100 per cent will mean that the industry will get zero per cent, because there will be no sale. This issue will be put off again until some point in the future.

As we know, this issue is contentious. It takes a particularly determined government or minister to bring it on, get it through, do the consultation and debate it in Parliament to actually make it happen. I have been keen to resolve this issue once and for all for those many thousands of Western Australians who work in the industry and who are desperate for the certainty that this legislation will provide. The National Party thinks it is offering something, but, in the end, they are killing something; they are killing the opportunity for the industry to move forward. I am very, very keen for the legislation to get through because I want to ensure that the industry can move on from this debate that has now been raging for the better part of the last five years.

**Mr P. Papalia:** Six years.

**Mr B.S. WYATT:** There has been uncertainty around this issue for six years. I think we are there. My very good friend the member for Warren–Blackwood is still cranky at what he calls the hypocrisy of the government in changing its position. During my response to the second reading debate, I accepted that there has been a change in position on this, but we also need to be somewhat nimble-footed enough in this job to respond to changing circumstances. The former government did not have the support of industry because it did not have a clear position on what it wanted to do. I want to emphasise this: yes, during the election campaign the Labor Party had a broad anti-privatisation agenda, but —

**Ms M.J. Davies:** It was very specific.

**Mr B.S. WYATT:** No, no, no. During the second reading debate, a number of members acknowledged this very point: when it came to the TAB, the Labor Party said time and again—I remember saying it time and again during press conferences—if the industry gets on board and wants it sold, it will assist with that, and that is what this government is doing.

**Mr I.C. Blayney:** Why didn't you tell your members that?

**Mr B.S. WYATT:** We all did. That was always the position.

Several members interjected.

**Mr B.S. WYATT:** I noticed Paul Brown also ran that hard against the member for Geraldton. I get the trauma of the member's campaign.

**The ACTING SPEAKER:** Members, just so Hansard can record the debate —

**Mr B.S. WYATT:** I get the trauma of the member for Geraldton's campaign, but Paul Brown also ran it pretty hard against the member, too. I googled it and he was not particularly kind to the member for Geraldton on this issue around the TAB.

**Mr I.C. Blayney:** He was a joke!

**Mr B.S. WYATT:** Nonetheless, we have industry there. Do not let belligerence over what may have been the previous position cruel the opportunity to get this done.

The member for South Perth knows this more than most: we can get this done. Importantly, the bipartisan position around the extension of electronic gambling machines and pokies outside of the casino remains. There is no desire to ever move away from that bipartisan position, and that is very important.

In wrapping up, I want to thank two people in particular; firstly, the member for Belmont. The racing industry is a big part of her electorate. She knows it well and engages with it deeply. The member for Belmont knows that the industry has come a long way in the last few years. It is that work that the member for Belmont has done. As I have said, I have tested the patience of some of my colleagues with some of the policy positions I have taken forward, as is often the role of the Treasurer of the day. The member for Belmont was fundamental in allowing the government to arrive at the position that it has. Secondly, I want to thank the member for South Perth. "Scratchie" has been part of this conversation now for —

**Mr J.E. McGrath:** Ten years.

**Mr B.S. WYATT:** It started with a parliamentary committee. To be fair to the member for South Perth, very early on he recognised that technology was taking over the TAB. As I pointed out during debate, I am not a gambler. I now know more, but, when I gamble, I win! That is a good thing.

**Mr P. Papalia:** Sometimes.

**Mr B.S. WYATT:** By the way, I misrepresented the Parliament; I apologise!

Several members interjected.

**Mr B.S. WYATT:** I won once and then lost it again; don't worry.

I have relied on the member for South Perth on a range of different pieces of advice, particularly around the point-of-consumption tax. The point-of-consumption tax was actually on the agenda at the first meeting I went to. South Australia had already moved. It was clearly an issue for all state Treasurers because of what those large multinational online wagerers were doing, without paying any tax. It is fair to say that was not acceptable to Treasurers of the day and I do not think it was acceptable to Parliaments around the nation, Labor or Liberal. The point-of-consumption tax allowed us to apply a tax to that economic activity.

I listened quite intently to the industry. It is fair to say that I had a different figure in mind. The racing industry said to me, "If you want support for the point-of-consumption tax, we want to ensure that a healthy percentage of that comes to the industry." I had a view and the racing sector had a higher view, which I acceded to. As a result, our racing industry has the most generous revenue-sharing arrangement in the nation in respect of point-of-consumption revenue, at 30 per cent. I am pleased with that. It gives the industry a revenue source going forward that is above and beyond an infrastructure fund. It is way above and beyond that. It will underwrite activity going forward.

The Parliament of Western Australia has a package before it, and the package is good. The industry supports it. I am saying this more to my Liberal Party colleagues in the upper house: help me get this through. Help me free the industry from the constraints that the status quo provides and, hopefully, we will never have to debate this issue again until the review report is tabled in Parliament at the third-year anniversary of the new operator.

**Extract from *Hansard***  
[ASSEMBLY — Thursday, 13 June 2019]  
p4251c-4255a  
Mr Paul Papalia; Mr Ben Wyatt

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I thank all members for their contributions to the debate. I think it has been a good debate. I hope this Parliament can prove that it is capable of making important reform decisions like this. If we can do this, it will send a strong message to the community, much broader than the racing industry.

[See papers 2509 to 2512.]

*Division*

Question put and a division taken with the following result —

Ayes (43)

Ms L.L. Baker	Mr D.J. Kelly	Mr D.C. Nalder	Ms A. Sanderson
Dr A.D. Buti	Mr Z.R.F. Kirkup	Mrs L.M. O'Malley	Ms J.J. Shaw
Mr J.N. Carey	Mr F.M. Logan	Mr P. Papalia	Mrs J.M.C. Stojkovski
Mrs R.M.J. Clarke	Mr W.R. Marmion	Mr S.J. Price	Mr C.J. Tallentire
Mr R.H. Cook	Mr M. McGowan	Mr D.T. Punch	Mr D.A. Templeman
Ms M.J. Davies	Mr J.E. McGrath	Mr J.R. Quigley	Mr P.C. Tinley
Ms J.M. Freeman	Ms S.F. McGurk	Ms M.M. Quirk	Mr R.R. Whitby
Mr T.J. Healy	Ms L. Mettam	Mr D.T. Redman	Ms S.E. Winton
Mr M. Hughes	Mr S.A. Millman	Ms C.M. Rowe	Mr B.S. Wyatt
Mr W.J. Johnston	Mr Y. Mubarakai	Mr P.J. Rundle	Mr D.R. Michael ( <i>Teller</i> )
Mr P.A. Katsambanis	Mr M.P. Murray	Ms R. Saffioti	

Noes (3)

Mr I.C. Blayney	Mrs A.K. Hayden	Dr D.J. Honey ( <i>Teller</i> )
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Question thus passed.

Bill read a third time and transmitted to the Council.