

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

TAB (DISPOSAL) BILL 2019
BETTING CONTROL AMENDMENT (TAXING) BILL 2019

Cognate Debate

Leave granted for the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019 to be considered cognately, and for the TAB (Disposal) Bill 2019 to be the principal bill.

Second Reading — Cognate Debate

Resumed from 15 May.

MR D.C. NALDER (Bateman) [7.12 pm]: I stand to talk cognately about the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. I say at the outset that, as a principle, the opposition supports the disposal of the TAB. The former government openly discussed its desire to off-load the TAB. From a personal perspective, I have always felt that a state government owning a betting agency never made a lot of sense. I understand the need for regulatory oversight, and I will continue to support that, but from the perspective of a government that owns a TAB, this side of Parliament supports the disposal of the TAB. That said, there are some concerns about the disposal of the TAB, and I know that various members on this side of the house would like to contribute to this debate to express their concerns.

I will touch on and highlight some elements of the bill. First, I reiterate that there are elements of the bill that are pretty standard and straightforward and that we have no qualms about supporting. However, there are a few things that I would like to point out. One is that the opposition is being required to accept in good faith what the government intends to deliver, because elements surrounding this disposal are not in the legislation, but will be in the contract with the successful party. That makes it very difficult for us to fully assess the government's bill. I put on the record that we need to continue to monitor the government in delivering on the intent of what it is saying—if that makes sense. That is one of our challenges. Part of that process is being sure that this has been well considered. Concerns have been expressed about regional racing, for example. The opposition wants to make sure that a degree of research and economic modelling has looked at the area of regional racing, and, more broadly, racing in total, to ensure that the support that will be provided will allow it to be on a sustainable platform. We have some concerns about that. We have heard the intent. I listened to the second reading speech of the Treasurer and, again, I understand the intent. I have heard the language that all these areas will be better off, but I do not necessarily understand exactly how they will be better off, because it is hard to determine the full mechanics. We would like to hear more from the Treasurer about the surety of racing, and we will continue to explore that during the consideration in detail stage.

We understand that the key functions of the bill are to provide the necessary authority and framework to enable the sale of the TAB; provide for the racing infrastructure fund to be established from a portion of the sale proceeds; establish a licensing regime to provide for the grant of a wagering licence to a new operator; amend the existing wagering regulatory framework to incorporate the new wagering licence; ratify and authorise the implementation of the fifteenth supplementary agreement to amend the agreement ratified by the Casino (Burswood Island) Agreement Act 1985; provide for betting on simulated races to be authorised under the wagering licence, and I will come back to that specifically; repeal the wagering functions of RWWA and change its name by removing the words “and wagering” so that it becomes Racing Western Australia; abolish the racing bets levy as administered by the Gaming and Wagering Commission and introduce a new race field regime to be administered by RWA; and commit to a post-sale review of the arrangements, including the structure and functions of RWA.

We understand those key elements, and I would like to touch on some of those in my contribution to the second reading stage. To further sum up what I see in this legislation, this bill will provide a licence term of up to 40 years, with a possible two-year extension. That seems like a long term. I noted in the second reading speech of the Treasurer that previous consultation and market sounding has suggested that a term of around 25 to 30 years would likely be sufficient to align the interests of the operator. I wonder why it has shifted from 25 to 30 years to 40 years. I do not understand the justification for that, and I seek clarity about that from the Treasurer through this process. I do not know whether this is trying to maximise the return from the sale of an asset. I do not know exactly what is driving it.

As I have said, the racing industry should be no worse off. I use the words of the Treasurer —

In other words, the racing industry can expect to receive at least the equivalent amount of funding from the privately operated TAB as it would if the TAB remained in government ownership ...

My understanding is that this guarantee will be for only three years and there will be a review after those three years. I want to check that there will not be any contractual restrictions on the government as part of the process of the sale. I want to ensure there is not a mechanism that does not allow for those things to be maintained for the racing industry. I think it is important that we understand a little more clearly the issues around that.

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I note two elements. The first one is around the revenue that is being generated. I was a little confused about this. Again I will question the Treasurer at the consideration in detail stage, but it is about —

Building upon the government’s decision last year to legislate an allocation of 30 per cent of the revenue derived from the new point-of-consumption wagering tax receipts to the racing industry ...

I would like to understand a bit more about the mechanics of that to get a sense of how locked in it is for the racing industry. I am looking for that surety for the industry. I understand that 35 per cent of the funds are to be allocated to an infrastructure fund. I know our side will look at that more closely because, again, we are not really clear on why it is 35 per cent and whether that would adequately support the industry. We are very concerned that we make sure that the industry is on a sustainable platform so that it can have the confidence to grow into the future. They are some of the issues that we would like to touch on.

I want to talk more extensively about Trackside. There is a little bit in here again from the minister about Trackside. Raising the issue of Trackside is a policy backflip on behalf of the Premier, because prior to the election, he was fully opposed to increasing the scope of online gambling. I worry that this government is introducing this legislation purely to maximise the sale price of the TAB. If that is the primary driver, this government needs to be questioned on its moral duty to the broader community and gambling addiction Australia-wide. I do not understand why the government is doing this. It claims that it will be only an extra three to four per cent of revenue. That is supposedly based on what is happening in New South Wales and Victoria, but New South Wales and Victoria have poker machines. We do not have any other form of gaming machine. I am not sure that it is an accurate reflection on the potential revenue generation from allowing Trackside to operate here. From speaking to people in my electorate, I know that some bowling clubs have TAB agencies within them. I do not like the concept of expanding gambling within our community clubs. I heard today that one small community bowling club is considered insignificant because the gamblers within that industry lose only \$15 000 a week. I sat there and thought, “Hang on, that is a small community organisation and its members are losing \$15 000 a week. Wow! That is what they lose on average.” I find it surprising that this government would mandate an expansion of gambling when other jurisdictions have really been struggling with this issue. Western Australia has held —

Mr B.S. Wyatt: Just on that, it is not being mandated.

Mr D.C. NALDER: Sorry; the government is allowing these companies to do it. They will all want to bring it in. They are businesses that deal in gambling, so I imagine they will want to bring it in. I stand corrected. I find it amazing that the government would allow an organisation to expand gambling through these gaming machines. I know that people are at pains to try to stress that they are different from pokies, but they are gambling machines that will pay out a certain ratio, and it is guaranteed that over time the gambler will lose. As I was starting to say, Western Australia has held fast to the principle that we do not want a proliferation of pokie machines across Western Australia. We have held that position in a bipartisan way over a long time at the expense of our revenue base here in Western Australia, because it penalises us on the GST.

Mr I.C. Blayney: It is \$300 million, isn’t it?

Mr D.C. NALDER: The penalty for Western Australia is \$300 million because the Commonwealth Grants Commission in Canberra assumes that we have the right to do that. But we made a decision that we do not believe that it is right for our society and that it only increases the level of pain in our broader communities, yet here we are dismissing that convention, which both sides of Parliament have held, that we do not want to see an expansion of gaming machines in our community. I am surprised that the government has adopted this as part of the sale of the TAB. I know that some members on my side are very concerned about this issue, and we will discuss it further throughout the progression of this bill and, more particularly, at the consideration in detail stage. I am sure that some of the concerns can be resolved through a better understanding from our side and from questioning the government on its motives and merits and how this will work. As I said at the outset, some of the detail cannot necessarily be in this bill, and we understand that. It will be within the agreements and the contracts and so forth based on a successful tender, but it means that we are expected to take some of the government’s intent at faith. We put on the record that we will continue to hold the government to account for that. We acknowledge it.

We also acknowledge that as a party we support the sale of the TAB, albeit that we will challenge some of the processes that the government wishes to undertake within that. I think that pretty much sums up the contribution that I will make at this point in time. There are some attempts here—I understand it is an attempt; I have not had any feedback from within the industry. This is to do with the TAB agencies. Having been the Minister for Transport and having the Uber situation, I know that it can be difficult with licences and trying to work through what it means, how we progress and how we make sure that we are dealing with people in a fair and equitable manner. I acknowledge that there is an agreement around the —

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... incoming operator to offer termination payments to agencies identified for closure upon review of network requirements. These payments will be in addition to the 12-month notice period currently required under the standard agency contract and will be set at a minimum of 60 per cent of the prior year's commission up to \$100 000 for the first five years of the new operator taking control. In addition, within the first 12 months of the new operator taking control, any TAB agent that falls below a low commission threshold can choose to be bought out of their agency to the uncapped value of 100 per cent of their previous year's commission.

I have not had any TAB agency come to me and express concern about that. I welcome the attempt. I am taking it a little bit at face value again. I thought the industry would have raised it if it had specific concerns about that. I acknowledge that at least an attempt has been made to protect the TAB agencies.

Mr B.S. Wyatt: A lot of effort has gone into TAB agencies and I will go through that in my response.

Mr D.C. NALDER: Again, there is always more to understanding the mechanics of how that works and making sure that we have it right in our head. I acknowledge that it has been good that the TAB agencies have been given consideration.

In summing up, as I have said, we support the principle of the bill, and we therefore support the bill, for the disposal of the TAB. However, we have some concerns about the mechanics, particularly around Trackside. I will leave it to my colleagues to make further comment about those concerns. We want to make sure that the industry is put on a sustainable platform and is able to move into the future with confidence, and we will explore those areas further through the debate on this bill.

I want to make one more point about Trackside as I wrap up my comments. We all know what is occurring on the east coast with gambling addiction. I have heard Tim Costello talk about this. He believes that as a community, we have dropped the ball on this issue. It is incumbent on all of us in this chamber to make sure that we understand the consequences of this decision for the state. I am very wary about creating an environment that, from a government perspective, supports an increase in gambling in our community. I have a concern about what the additional revenue from Trackside will represent. I want to understand the motivation of the government and why it has done a policy backflip on this issue. The Premier has been very inconsistent. He seems to have dismissed the comments he made in the past and is acting contrary to his previous position on this matter.

I have made the points I want to make, and I look forward to hearing further from the Treasurer about how this will work. We support the passage of these bills and look toward to further debate during consideration in detail.

MR V.A. CATANIA (North West Central) [7.31 pm]: I rise as the spokesperson for the Nationals WA on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. I put on the record that the National Party believes that 100 per cent of the money from the sale of the TAB should go back to the industry. I will explain why I say that. A few weeks ago, during budget estimates, I asked whether the building of a new women's hospital was predicated on the sale of the TAB. The answer from the Minister for Health was no, the government does not need the sale of the TAB to be able to build a new women's hospital. I want to make that quite clear. It is interesting that in question time today, the Premier would not answer that question that was asked by the Leader of the National Party about whether a new women's hospital was predicated on the sale of the TAB. However, the Minister for Health has answered that question. I believe the Treasurer has also answered that question and said that the sale of the TAB will not affect the building of a new women's hospital. I will read from the *Hansard* of budget estimates. I asked —

If the sale of TAB does not go through because the industry thinks that there will be no benefit from its sale, the government will put aside that funding model. Does it have other funding options up its sleeve to build a new hospital?

The response from the Minister for Health was —

Ultimately, we have to build the hospital.

Clearly, the government has to build a new women's hospital. I will read some quotes from the then Leader of the Opposition and now Premier, some quotes from the then opposition spokesperson and now Minister for Racing and Gaming, and some quotes from the then opposition spokesperson and now Minister for Sport and Recreation. I will also read some quotes that members who are now on the government back bench made in the lead-up to the 2017 election. The Labor Party told the people of Western Australia prior to the 2017 election that they would not support the privatisation of government assets. However, since that time, the government has privatised Landgate and PEXA, and some of the energy utilities. The government says that it fought against the privatisation

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of Western Power. However, this Labor government has been privatising government assets in greater number and at a faster rate than any previous government in Western Australia.

On 16 September 2015, the then Leader of the Opposition and now Premier said —

... shareholders will come first and the racing industry will come second.

He said also —

Jobs could very well be lost. Actually, let us be frank: they will be lost if the TAB is sold.

What has changed? He continues —

The real reason that the government wants to sell the TAB is that it has made such a hash of the state's finances and it is scrabbling around for anything to deal with it ... I would argue to the government, to ministers on the other side, that they should think of jobs, the return to the industry and the fact that regional racing will suffer.

He said also —

... but as we know from meeting and talking with industry representatives in other states, they regret it, virtually to a person. They regret the change from the former model to a new one.

That is, from the former government-owned model.

In 2015, the then Leader of the Opposition and now Premier also moved a motion this house in opposition to the sale of the TAB.

I turn now to some comments from the now Minister for Racing and Gaming, who should be in the chamber, because these are very important bills for the industry. Here he comes—he must have heard my call. On 16 September 2015, the now Minister for Racing and Gaming said —

... if National Party members go out and witness those people's views, they will very rapidly come to the conclusion that the sale is a bad idea. People know that they are the beneficiaries of a well-run organisation.

That is Racing and Wagering Western Australia. He continues —

It is the premium organisation of its kind across the nation. It generated \$136 million in disbursements this year. During the last four years, it grew disbursements to the industry—\$40 million in tax to the taxpayer, besides the \$30 million over the last 10 years distributed to worthy organisations around the state ...

The now minister was advocating not to sell the TAB, and was blaming the National Party. The bill introduced by the government stipulates that 35 per cent of the proceeds of sale of the TAB will go to the racing industry. The government is anticipating a windfall from the sale of the TAB of around \$300 million. It is talking about a 40-year deal, and a guarantee that for the next three years, the current revenue streams will be returned to the industry.

The government is also proposing to introduce another gambling equation to Western Australia in the form of Trackside. As was said by the member for Bateman, there has been bipartisan support to ensure that this state does not have pokies and does not increase the opportunities for gambling. However, this government, in its greed to sell the TAB, is proposing to allow the expansion of virtual horseracing, or Trackside, to try to increase the profitability of the sale. The government is putting financial windfall before people's lives when having another form of gambling in this state. Remember that: it is putting profit before the welfare of the people in this state when it comes to gambling.

I now turn to the 35 per cent under this proposal. The TAB (Disposal) Bill is a blank cheque. Parliament will not be able to scrutinise the deal the government may strike with someone tendering for the TAB. The government is asking us to agree to sell the TAB but it will work out the detail later when putting out a tender to sell it. Even if we were to agree with the 35 per cent, how can it be guaranteed that industry will get the best deal possible when the government proposes a 40-year contract?

Remember, this is for all racing codes. Whether thoroughbred, harness or greyhound racing, all the industry will share in the 35 per cent of the sale of the TAB, which could be \$100 million being put into an infrastructure account, and only the interest will go towards the industry. If we are lucky, we are looking at \$3 million a year going to the industry throughout Western Australia. We would be lucky to pay for a horse rail out of that amount! The government started talking about 65 per cent of profits going towards the rebuild of King Edward Memorial Hospital for Women, and 35 per cent going towards industry. The Minister for Health has clearly stated that the government has to build a new hospital, no matter what. I think I have stated in this place: how about it tackles BHP for the \$300 million owed to this state and perhaps that can go towards a contribution for a hospital. How about we protect racing in Western Australia and support the sale of the TAB with 100 per cent of the profits going to racing—

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like I said, right across all racing codes. There is probably about \$100 million worth of backlog infrastructure needed for racing across this state. Perhaps out of the \$300 million windfall the government will receive from the sale of the TAB, it will guarantee 100 per cent to industry. It could put \$100 million into the industry now to bring everything up to standard—\$100 million would probably do that. Putting \$200 million into the infrastructure fund could potentially give \$6 million a year. It would also bring racing up to speed with the infrastructure that is needed. That would be a good deal for racing around this state. It would also protect regional racing, which will be one of the first to go after the sale of the TAB. The government has put forward that it will be 35 per cent for all codes. Doing the maths, it will leave our racing industry very short. How will the races at Landor, Gascoyne Junction, Meekatharra, Mt Magnet, Roebourne, Broome, Kununurra, Toodyay, Northam, Albany, Mt Barker, Moora, Esperance and Pinjarra—the list goes on—get their funds? There is also Perth. How will the dishlickers get their funds? They will all fight for a fund that could be up to \$3 million a year for three years. That will be for the next 40 years. It is a massive issue if 100 per cent does not go towards guaranteeing the industry.

I read out some comments made by the Premier when he was the Leader of the Opposition. I do not know what he was shadow minister for, but he was a shadow of a shadow! He was opposing the sale of the TAB. He is now obviously leading the pack to sell the TAB and only put 35 per cent back into the industry. On 16 September 2015, the now Minister for Sport and Recreation stated, “The WA National Party clearly does not care about country communities and the thousands of jobs in the racing industry. Not one National MP had the courage to stand up on the floor of the Assembly and support our racing industry.” I call on the Minister for Sport and Recreation, the member for Collie–Preston, to stand up for regional communities and for the racing industry and support 100 per cent of the profits from the sale of the TAB staying with industry. Why did the Labor Party’s view suddenly change once it got into government? The National Party has been very consistent on this matter. We will support the sale of the TAB if it can be guaranteed that racing will not be worse off. This government proposal clearly shows that the industry will be worse off if only 35 per cent of the gross profits generated—or net profits, I am not too sure—go back to the industry.

Mr P. Papalia interjected.

Mr V.A. CATANIA: The Minister for Racing and Gaming will get a chance to defend his actions. He was opposed to it but is now in favour of it. This potentially has the ability to destroy racing. I want to know who in the industry supports 35 per cent. Where did 35 per cent come from? Was it industry that said, “No, no, no, we’re happy to sell it but we only want 35 per cent. We do not want the other 65 per cent”? What industry would short-change itself by 65 per cent?

Mr B.S. Wyatt: It is a good question. I will answer that during the consideration in detail stage.

Mr V.A. CATANIA: I am glad, Treasurer. This legislation is not going to affect a new build of a women’s hospital; that is quite clear. Under this circumstance, 35 per cent will short-change the industry. It will affect not only regional racing but also all codes of the racing industry.

I will refer to some comments made by the Labor Party when in opposition about the sale of the TAB, and about virtual racing. There has been bipartisan support on not introducing any more gambling or pokies in this state. I have here a media statement of Tuesday, 28 June 2016, which states —

“WA Labor will always oppose further introduction of pokies and similar gaming machines in Western Australia because of the financial misery they cause.”

I repeat: pokies and similar gaming machines in Western Australia.

[Member’s time extended.]

Mr V.A. CATANIA: What is virtual horseracing? What is Trackside? Before the last state election, the Labor Party said it was against privatisation. In opposition, it opposed any moves to sell the TAB. According to the member for Collie–Preston, it would be the death of country racing in Western Australia. Now, we have seen a 180 by the government, which is proposing legislation that will give back to the industry only 35 per cent of the proceeds from the sale of the TAB. The government started off by saying that 65 per cent of the proceeds would go to a new women’s hospital, but the government has found that it has to build a new women’s hospital no matter what. Therefore, there is no need to ensure the death of racing, and particularly regional racing, by supporting this bill. No-one knows the detail of the contract that will be signed between the government and a future owner of the TAB. That rings alarm bells for me, because this government, which has said that it is against pokies and similar gaming machines, is now introducing similar gaming machines. A government that was opposed to the sale of the TAB in opposition because it would be the death of racing is now supporting the sale of the TAB. Labor was opposed to privatisation in opposition and is now privatising a government asset. Only 35 per cent of the proceeds of that sale will go to an industry that is in desperate need of a \$100 million injection to bring it up to spec and

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guarantee its future. The government potentially wants to put \$200 million of the \$300 million into consolidated revenue. BHP potentially owes the state \$300 million—that has been widely reported by the press and agreed by the Treasurer. What a great opportunity that is to put funds towards a new King Edward Memorial Hospital for Women, which I understand will cost about \$1 billion. That was the figure quoted by the Minister for Health in estimates a few weeks ago—\$1 billion for a new hospital. Therefore, we desperately need that \$300 million. The government should not put an industry at risk, which is what it is doing by not ensuring that funds will be there to guarantee our country racing, our racing in Perth, and the industry, full stop.

I am a member of the Carnarvon Race Club. I am a patron. I have been a board member for quite a while. I work behind the bar. I deal with the punters. I deal with stewards—you name it.

Dr A.D. Buti: Do you bet on the horses?

Mr V.A. CATANIA: I do not deal with the horses, because I cannot win! When people quote the industry, I want to know who it is that they are referring to. To me, the industry is the race clubs like the Carnarvon Race Club, the trainers and jockeys who come to the race club, the people who work behind the bar, the volunteers, and the community who come to those races. I believe that is the industry. The social fabric of a lot of country towns is regional racing. If we do not have regional racing or if we cannot afford to purchase a new rail or gates or to fix up the infrastructure to be able to attract people to these race meets and these clubs, the racing industry will have a slow death. That is why it is important to guarantee that 100 per cent of the earnings go towards the industry, rather than short-changing it by 65 per cent.

The Nationals WA do not oppose the sale of the TAB; what we want is to guarantee the future of regional racing. As I said, if the state is locked into a 40-year deal on a contract that will see only the interest on the 35 per cent put into an account and used for regional racing, there will be a problem. That \$3 million or thereabouts is not enough to keep regional racing going. The National Party will move an amendment to the bill during the consideration in detail stage, to delete “35%” and add “100%”. I think all members, on both sides of the house, should agree to 100 per cent going back into the industry. That is something the now Minister for Racing and Gaming, Premier and Minister for Sport and Recreation all agreed with in opposition. I cannot forget the backbencher—I cannot remember the backbencher’s name; it is the guy in the upper house. What is his name?

Mr D.T. Redman: Darren West.

Mr V.A. CATANIA: Hon Darren West—how could I forget his name! He is a great advocate. We do not have the numbers here to win the argument for 100 per cent, but we could do in the upper house. The upper house is becoming vital in a lot of these things. Perhaps we will have the support of Hon Darren West. Back on 18 September 2014, he said —

With the privatisation of the TAB, ... there is no doubt, members, that country racing as we know it will finish.
He also said —

... this is a bad idea and should be shelved immediately.

Later in the debate he said —

It would just about completely gut racing in my electorate, and we would all have to come down to Perth.
What a shame that would be.

That was the honourable member of the upper house, Hon Darren West, the champion for regional racing. Let us see whether he will be the champion once this bill passes through this house and goes to the upper house. When my colleagues in the upper house move the amendment to ensure that 100 per cent of the sale of the TAB stays within racing to guarantee the future of regional racing and racing of all codes in Western Australia, I want to see Hon Darren West cross the floor. He did not support the sale of the TAB in 2014. If he does not support it now, I will think he is a man of his word. Do members think he is a man of his word? We will see.

Mr D.T. Redman interjected.

Mr V.A. CATANIA: Like the member for Warren–Blackwood, I think I know the answer. I think the Kool Aid was drunk by the members whom I highlighted had a different view in opposition from the view they have now.

This bill is going to be the downfall of racing in Western Australia, because 35 per cent is not enough to guarantee that the industry will survive into the future. We have an anti-privatisation government that does not believe in pokies or anything similar, yet it is now introducing virtual horseracing. It was against privatisation and the sale of the TAB, but it wants to find money to put into consolidated revenue to give it a war chest come the 2021 election. That is its aim. Its aim is not to protect regional racing or racing in Western Australia of all codes. This is not about a new women’s hospital. The government has clearly stated that the 65 per cent does not have to go to the new women’s hospital because it has to be built anyway. What are we trying to do here? I urge everyone to support the

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racing industry by supporting our amendment when it is moved during the consideration in detail stage. Our amendment seeks to change the amount of 35 per cent in this bill. The bill states —

An amount equal to 35% of the net proceeds of a section 8 disposal must be charged to the Treasurer's special purpose account and credited to the Racing Infrastructure Fund referred to in section 27(1).

The National Party proposes that that 35 per cent become 100 per cent. We will move that amendment during the consideration in detail stage. I urge all members to support the racing industry and not be hoodwinked by this TAB (Disposal) Bill, which will hurt the racing industry in Western Australia.

MR D.T. REDMAN (Warren–Blackwood) [7.59 pm]: I want follow on from my colleague and make a few comments about this TAB (Disposal) Bill 2019. This is clearly an enabling bill. It lays out the structures that need to be put in place to effect a sale of the TAB. A whole range of complexity sits around that, but there are some very simple, important matters we can raise in the second reading debate. The first point is that there is history here. The previous government, the Liberal–National government, considered the sale of the TAB, amongst other assets. We looked at a whole range of things. I was around the cabinet table at the time. I am sure the government would have done a scoping exercise to see the options it had. I am sure it has documentation that says that the TAB may yield some resources to help the government's bottom line.

The ACTING SPEAKER: Member for Vasse, you just walked straight in front of the speaker.

Mr D.T. REDMAN: The Liberal–National government resolved to sell the asset. I want to pay tribute to my colleague Hon Colin Holt, who was the minister at the time. He worked very, very closely with industry to prosecute the sale and work out what needed to be put in place to have industry support for what we thought was pretty important at the time because of the disruption happening in the betting industry. That is a factor this government has no doubt considered in now backflipping to make the sale. There are two key decisions that are really important to highlight right now. The first decision was the notion of a sale at all. The Labor Party went to the last election saying there would be no privatisation of state assets. The minute it got into government, it backflipped. It has backflipped on a heap of sales already. It has sold the Warradarge wind farm and it has been privatised. The Albany wind farm has been caught up in that deal. There has also been the privatisation of Landgate. Straightaway, the Labor Party has shown hypocrisy at its best from the position it took to the last election to the decisions it is making in government. It is hypocrisy at its best. That is the first point: the decision to effect the sale. In a little while I will work through the notion of the deal. My colleague went through a whole heap of quotes from the Leader of the Opposition at the time.

The ACTING SPEAKER: Member for Vasse, you did it again.

A member interjected.

The ACTING SPEAKER: It is not that; it is walking in front of someone who is on their feet speaking. How long have you been here?

Mr D.T. REDMAN: My colleague went through a whole heap of quotes from the opposition at the time—the Leader of the Opposition, the shadow Minister for Racing and Gaming, Hon Darren West and others. They basically said this is an issue for the industry and regional Western Australia. They said Armageddon would happen for the continuation of that industry. They basically said: “Do not sell the TAB or the industry will be stuffed.” That is what they said. I have a range of quotes here that highlight that and a couple are worth repeating. The current Minister for Sport and Recreation when in opposition said —

“Selling off the TAB will mean country towns will suffer as the racing industry will no longer be supported,” ...

He also said —

“The performance today by the National Party is a slap in the face to struggling country race clubs in regional WA.”

That means, according to the current sports minister, that the decision this government has made is a slap to the face of country racing, because that is what he said in opposition. When in opposition the Labor Party said country racing would suffer. It cannot resile from the fact. If that is the Labor Party's position, this decision is going to make country racing suffer. There are two important things that I think have enhanced that. The Labor government has dialled things up. The first is that if the sale had been effected three or four years ago, the government would have probably got double the resources than if it was effected today. The sale price of the TAB has gone down. My colleague Hon Colin Holt tells me that between \$200 million to \$300 million has been lost to the taxpayers of Western Australia. The total value of the TAB has gone down over time because of the disruption happening in the betting sector. Now it is in government the Labor Party has decided to sell the TAB and it is an asset worth

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

considerably less than what it was before when it railed against us for even considering the idea. That was a significant issue. On top of the reduced value of the asset —

Mr P. Papalia interjected.

Mr D.T. REDMAN: That is right.

Mr P. Papalia: You had both houses of Parliament, why didn't you sell it when you said you could?

Mr D.T. REDMAN: Where was the Labor Party's support? That is absolutely hypocrisy. Labor members said what they said in opposition and then they get into government and expect not to get a slap in the face for it. What absolutely hypocrisy. Labor members cannot sit around the table and make decisions like that with a straight face.

The value of the asset has gone down from the point when in opposition —

Mr B.S. Wyatt: Just on that, could you explain to me why you think it has gone down?

Mr D.T. REDMAN: Because of the level of disruption happening in the sector. I am sure the government would have got some valuations. When we got our briefing, that was the sentiment reflected to us. There was a lot of reluctance to put numbers on it, because the government does not want to get out of the commercial space for something it is trying to effect a sale on. Of course, the sale price is also somewhat dependent on some of the settings the government puts in place. Virtual racing and a few other aspects are now lollies around the Labor cabinet table, but they were taboo when it was in opposition. They are very, very different positions. The Premier's very clear position on virtual racing is on record. On 27 June 2016, the Premier was interviewed on 6PR by Oliver Petersen. The Premier's response to a question was —

Well the Government appears to be so desperate now to sell off the TAB that they're thrashing around looking for anything to make a price that they gain for the TAB higher, and that includes offering up opportunities for extended gambling for anyone who buys it. So, look, my view is, this is a very, very poor development. It shows the extent the Government will go to, to sell off public assets.

At the time the Leader of the Opposition was very clear in saying that he did not support that. In the same interview he talked about virtual racing —

Mr P. Papalia interjected.

Mr D.T. REDMAN: It was being woven into a discussion on pokies or whatever else, but it is exactly the same issue. Do not try to split hairs on what is going on here. When the Labor Party was in opposition, it ran the arguments that suited it. Now it is in government it has taken up a different position. In the same interview there was talk of the original figures of something like \$1 billion for the sale of the TAB and Oliver asked —

Do you think those sort of figures sound about right?

The response of the Leader of the Opposition at the time was —

Look the figures that were out there were somewhere between \$200 million and \$700 million, obviously if you allow for some sort of gaming or poker machine option to go along with it, it would significantly enhance the value of the TAB, and therefore the Government would get more money for it, that's no doubt why they're looking at it. But frankly I just think that, that is just ludicrous. It is just the most outrageous, out of many outrageous things this Government has done, it is the latest in a long line of outrageous things that they're doing or looking at doing.

Now, the Premier is making what he said was an outrageous decision when he was in opposition two years ago. He has taken two years to effect the most grand backflip of all.

Mr R.S. Love: Yes, he is the master of that.

Mr D.T. REDMAN: It is a master backflip. Now a range of current ministers who were prosecuting an argument in opposition now have to take another argument up in public. What is more, the asset has reduced in value. What is more, the government is not doing what Hon Colin Holt put up, which is to return a significant proportion of the resources, if not 100 per cent. That is one of the reasons it was pretty hard to get the proposal into cabinet at the time, because there was not necessarily agreement on that. The point we are making was that 100 per cent, I think, of resources from the sector —

Mr P. Papalia interjected.

Mr D.T. REDMAN: I can tell the member now that it was not 35 per cent.

Mr P. Papalia interjected.

Mr D.T. REDMAN: The minister can think what he likes about what the position of our partners in government might have been —

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Several members interjected.

The ACTING SPEAKER: Members!

Mr D.T. REDMAN: — but Hon Colin Holt's position was very clear. He was the minister and his position was very clear.

Several members interjected.

The ACTING SPEAKER: Members!

Mr D.T. REDMAN: I make the point that not only has there been a reduction in the value of the asset, but there has also been a reduction in the proportion of funds going back to the industry. We do not quite know how the government has done that, but it seems to have garnered the support of the board in being able to prosecute the argument to make it happen. We argue that the hypocrisy here is massive because of the fact that the government has made the sale—full stop. Secondly, the deal government has struck with industry does not seem right, hence the National Party will move in consideration in detail to put the return to 100 per cent, which we think is more than realistic.

Was it not a show today in question time when the Premier was asked a very, very clear question? He was asked: is the new hospital going to be built irrespective of the sale of the TAB? He danced around that one. He danced over here; he danced over there. We could not get an answer. We know that the Minister for Health said it would be built anyway. The Treasurer probably made a statement that it would be built anyway, because he was hardly going to knock back an asset replacement like that. The Premier did not want to go on record as having said that. He dropped his dummy, sat down and did not want to carry on with the question. That was a terrible display during question time today.

Mr V.A. Catania interjected.

Withdrawal of Remark

Dr A.D. BUTI: I think the member for North West Central referred to the Premier in a way that was unparliamentary. I ask him to withdraw.

The ACTING SPEAKER (Ms M.M. Quirk): I did not hear it, because frankly everyone was shouting.

Debate Resumed

Mr D.T. REDMAN: Of course, regardless of what the Liberal and National parties' position was prior to the change of government, or is now, the position the Labor Party had in opposition was in stark contrast with what its position is now. The government sits around the cabinet table and makes a whole heap of decisions using different language from what it used before the election. It is not privatisation anymore, it is the sale of an asset. The asset no longer belongs to the people; it now belongs to the government, so it is going to use that to make decisions about what it is doing with its finances and will leave some crumbs for industry. There is the sale decision and there is also a massively underdone aspect, which is the return back to industry of the infrastructure fund—certainly, underdone in comparison with what the Liberal–National government had on the table prior to the change of government. Of course, there is also the bit that we cannot see, which is the racing distribution agreement. That will be resolved after the TAB (Disposal) Bill 2019 goes through, presumably. The only people who get to see it are the people who sit on the board and members of the government. Industry can get a heavy briefing to gain some sort of understanding that the deal is in its favour. Of course, if the board is not supportive of it, it will not happen and the licence will not be transferred, but I cannot imagine the government going through the heartache of taking a backflip position through Parliament, only to have it fall over at the board level in its support for whatever the agreed position might be.

I talked to Hon Colin Holt about this. If we were to have prosecuted this sale in government, we would have had the same issue. The notion of keeping a level of confidentiality around these agreements is, I think, a fact of dealing in the commercial sector. That is just the reality. One has to take a leap of faith when in opposition and in industry that a better outcome will actually land. I certainly would have had much more confidence with Hon Colin Holt sitting in the ministerial chair than I have with this government because of the straight-out decision to sell the TAB and to include virtual racing, which is in stark contrast with the Labor Party's position when in opposition. That suggests that we can hardly trust it to strike a deal when it comes to actually agreeing or not agreeing on the final settings of the sale.

I think this is very difficult for the government. I do not know how government members can sit there with straight faces while taking this position, but they are. To me it is about accountability to the position the Labor Party took to the election and therefore, by extension, its accountability to the people of Western Australia. On that measure, it has come up short.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

DR D.J. HONEY (Cottesloe) [8.12 pm]: I wish to make a contribution to debate on the TAB (Disposal) Bill 2019. With the guidance of my colleagues—particularly the member for South Perth—I support the overall sale of the TAB. However, I have extreme concerns about provisions in this bill for the extension of electronic gaming outside the casino. I will go through that at some length. I have always thought it is a little perverse for the government to own a gambling agency. Having said that, many members will know that the late Hon Max Evans was in fact a keen supporter of the TAB remaining in government hands because he was concerned about guaranteeing appropriate income for the industry. He did not want, as had happened in other states, that money going elsewhere.

All members should really take note of the proposed extension of electronic gaming. I am not sure how many members opposite have actually looked at this legislation and realised how momentous a decision this is. The reality is that there has been bipartisan opposition in this Parliament for some considerable time—certainly going back to the time of Hon Geoff Gallop—to extending electronic gaming machines outside the casino. That view has been taken by both sides of the house. Again, I think every member in this place should reflect on this: I believe that 80 per cent or more of Western Australian communities—I do not care which communities—would be opposed to that extension. Western Australians have been culturally opposed to it for a very long time, and I believe that feeling is just as strong today as it was 20 years ago when Hon Geoff Gallop was Premier. They do not support the extension of gambling machines beyond the casino.

I cannot understand how Labor members opposite have allowed this to happen. I really cannot understand how they have allowed this provision to be part of this bill. I have been dumbfounded on several occasions when I have come into this place. I have looked at things and thought, “You know what? Members of the Labor Party would be really concerned about this, because they’re the people who, in their heart, feel they represent the people who are least able to represent themselves—the people who are doing it tough.” That applies equally to the members for Pilbara, Baldivis, Mirrabooka, Girrawheen, Balcatta and Fremantle. I genuinely believe the member for Fremantle in her heart cares about the people who are least able to look after themselves, particularly women. Obviously, as Minister for Women’s Interests, she has a particular interest in that area, so she would know the enormous harm that gambling does to families and the disproportionate harm it causes women. The truth is that gambling is an increasing scourge on our community and is causing increasing harm. In fact, Australia is now the champion gambling nation in the world. This is not something that is plateauing; it is expanding at an enormous rate. Gamblers are overwhelmingly male, so when the breadwinner of a household loses all their money in gambling, the people who pay the price are the children and partners of those men. They are the people who have to deal with the loss of their house—having to move, having to pull kids out of school. They experience all the hardship of paying the grocery bills, power bills, water bills and all those other critical utilities that people rely upon. It applies also to the members for Kimberley and Armadale—I know that the member for Armadale in particular has a keen sense of social justice and of supporting those people who are least able to support themselves—and the members for Maylands, Forrestfield, and Belmont; I could go on. When I look at members on the other side of this chamber, I think, “I may not agree with them on everything, but I can accept that they’re here for a genuine purpose, and that is that they care about those people who are least able to care for themselves.” When I look at this legislation I think, “How could you support the expansion of Trackside in this bill?”

This legislation is absolutely momentous. Opposition to expanding electronic gaming has been bipartisan policy for decades, but now it is being changed and everyone is looking the other way and saying, “Well, it doesn’t really matter. Don’t worry about it. People can bet on their phones.” No; we are extending electronic gaming into clubs and pubs. It is not just TABs. I went down to the Mosman Park Bowling Club in my electorate a few months ago. I walked around the corner during a lull in proceedings and what did I see? A TAB machine in the corner. I was told that that machine pulls out only a paltry amount of money—\$15 000 a week, or whatever, but I talked to the young lady behind the bar and she said, “It breaks my heart”—this was unsolicited—“because the people who are using those machines are the ones who I know can’t afford it.” Yet, if this bill goes through with the extension of Trackside outside the casino, we will substantially increase opportunities for gambling, in a form that is particularly highly addictive. I will go through that. This is an enormous problem. We were told today that gambling income in Australia had gone from \$20 billion to \$30 billion a year in 10 years. If that does not terrify members, I do not know what will. This is not money going into kids’ school fees, feeding people better or educating kids better; this is money going into gambling. We were told that it had increased by 50 per cent in 10 years. I will go through some of the details. As a matter of process, when we come in to speak about a bill in Parliament, and we had only been given the briefing that morning, that is not proper process.

Mr B.S. Wyatt: Just so that you understand, that was requested by the shadow Treasurer.

Dr D.J. HONEY: I do not think that is proper process.

Mr B.S. Wyatt: You should take it up with your own side.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Dr D.J. HONEY: That is not proper process, because we do not have proper time to go through and analyse it, but I have done my best. When we went through this whole process, we went through the briefing today and went through the slide pack, we saw all this analysis that had been done, but what analysis has been done, in this process of extending Trackside outside the casino, of problem gambling and its cost to the community? We looked at the slides and simulated racing, and saw a lot of stuff about what is in it for racing. The reality is that this will be a significant increase in electronic gambling in this state. We saw figures in the presentation showing that the turnover would increase by only about three or four per cent with Trackside. I do not see how there is any proper basis for that analysis, because the minister is using figures from states that already have poker machines. We do not, so this is the first electronic gaming machine that is going outside the casino in Western Australia. This is a substantial increase in the number of opportunities to bet. If we look at the minimum times that are required between bets, over a 14-hour session there are 252 additional opportunities for someone to bet in that establishment. I understand that that may vary, but it is possible for an additional 252 opportunities to bet to be provided. When I asked a question about how this compares with the current opportunities to bet on a TAB or a club that has a TAB agency machine, I was told that the advisers were not quite sure, but maybe existing races would be about 500. I do not care whether it is 250 or 500, whether we are talking about a 100 per cent increase in the opportunities to bet, or 50 per cent increase, this is a substantial increase in the opportunities for people attending pubs, clubs and TAB agencies to bet. It will have a very substantial impact.

The presentation we had today talked about extensive consultation. I could not elicit, and I was told I probably cannot see, and it is too late now, what consultation had taken place with people who will be negatively affected by this process. There was lots of consultation with the people who are going to make money out of it, and the groups who think they are going to get more money. How are they going to get more money for the industry, and a profit for the private operator? They will get more gambling income—more money from the pockets, in many cases, of people who can least afford it. Where were the Western Australian Council of Social Service, the churches and the gambling agencies? Some submissions have been made. I do not think this government has taken any notice of them at all, but I will give the subject a bit of air in this place. We need to be very clear that Trackside is simply a gambling machine. I have heard various people describe it, saying that it is really just a horse race, they are really horses, and so on. If they were horses, or if they were pineapples, cherries and whatever else there are on other machines, it would be exactly the same result. This is an electronic game of chance, and it has all the features of other electronic gaming machines that encourage addictive gambling.

Mr P. Papalia: That's just not true.

Dr D.J. HONEY: It is just gambling. It is a made-up horse race in a machine, just like any other gambling machine.

Mr P. Papalia interjected.

Dr D.J. HONEY: I am happy for the minister to explain this to me in detail, because if it looks like a duck, walks like a duck and quacks like a duck, it is a duck.

The ACTING SPEAKER (Mr T.J. Healy): Member, do you seek to take interjections at this stage?

Dr D.J. HONEY: As long as they are not persistent. I am happy, Mr Acting Speaker, for members to tell me how I am wrong, because a simple fact is that a large number of people —

The ACTING SPEAKER: Member, please continue, as always, to speak to the Chair, but if there are interjections, I think you are happy to take them, and I would allow that if that is what you would like.

Dr D.J. HONEY: I am happy to.

This is not my lone view; this is the view of the Premier, when he was in opposition, and a number of other agencies.

Mr V.A. Catania: And the member for Collie–Preston.

Dr D.J. HONEY: I do not know about the member for Collie–Preston, but I will take the member's word for it, because I have the highest faith in him.

Mr P. Papalia: The highest faith!

Dr D.J. HONEY: It is well placed; I know what I see.

For the sake of brevity, I will not go through how electronic gaming machines work, but I am happy to distribute this paper to members—those members who looked the other way when this was going through, and were not even aware when the government was putting this up. This is an electronic gaming machine with all the bells and whistles of other electronic gaming machines, just like poker machines. Members opposite can call it what they like, and pretend what they like, but the simple fact is that they are taking electronic gaming machines outside the casino if this bill passes.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Looking at the problems with gambling, I thought that the Treasurer, in his capacity as Minister for Aboriginal Affairs, might be interested in this. In *The West Australian* of Wednesday, 22 November 2017, Perry Duffin wrote —

The Australian Gambling Research Centre’s latest report, released on Thursday, looked at gambling activity throughout 2015.

...

1.1 million were at risk of gambling-related problems and they came from clear demographics.

Problem gamblers were more likely to be young, single, male, unemployed, indigenous, renters, welfare recipients and from low socio-economic areas.

“Higher risk gamblers lived in households where members experienced a much higher proportion of financial problems, including an inability to pay electricity, gas or telephone bills on time and needing to ask friends or family for financial assistance,” AGRC lead researcher Dr Andrew Armstrong noted.

I can say to the Minister for Aboriginal Affairs that I was in Mt Barker recently.

Several members interjected.

Dr D.J. HONEY: Perhaps, Mr Acting Speaker, I can seek your support. I have two ministers, including the Minister for Aboriginal Affairs, conducting a completely separate conversation.

Mr D.A. Templeman: They’re trying to work out when you want to have a go at the leadership.

Dr D.J. HONEY: Well, there you go. I will say to the Minister for Aboriginal Affairs —

The ACTING SPEAKER: Sorry, member. Can people conduct their conversations in here as quietly as possible?

Dr D.J. HONEY: Thank you, Mr Acting Speaker.

Minister for Aboriginal Affairs, when I was in Mt Barker recently, I thought I would take my family to the top pub to experience a nice country pub meal.

Mr V.A. Catania: I don’t think he’s listening.

Dr D.J. HONEY: It is really disappointing that the Minister for Aboriginal Affairs is not listening to this, because this is a serious matter for a very important part of the community that he represents. They have TAB machines in that hotel, and I would say that 70 per cent or more of the people who were gambling were members of the local Indigenous community in Mt Barker. I am sure the minister knows that community well. That community has an enormous amount of hardship in it already. That is substantially exacerbated by gambling. Why the government and members opposite would make a move to increase the availability of gambling in those areas in a way that is highly addictive is beyond me.

The Productivity Commission looked at this issue in some considerable detail. It reviewed issues associated with gambling in its 2010 report. Amongst the many points it made, it stated —

The risks of problem gambling are low for people who only play lotteries and scratchies, but rise steeply with the frequency of gambling on table games, wagering and, especially, gaming machines.

[Member’s time extended.]

Dr D.J. HONEY: It went on to refer to the enormous social cost of problem gambling, which was estimated in 2010 to be \$4.7 billion a year. That is \$4.7 billion coming out of households.

As I mentioned before, in *Hansard* of Tuesday, 1 June 2004, Ms J.A. Radisich, the then member for Swan Hills, said —

I am concerned about the pokies proponents in Western Australia. I refer the Premier —

That was Hon Geoff Gallop —

to recent reports that new electronic gaming machines are to be placed in Totalisator Agency Board outlets throughout the State, and I would very much like to hear his comments in that regard.

The then Premier replied —

I thank the member for the question. Trackside is a video-presented, electronically simulated race upon which the usual types of win–place trifecta bets can be placed at fixed odds. It is not a gaming or poker machine, but it is considered a casino game in all States except Victoria and Tasmania. I am pleased to announce that my Government will not grant approval for that game to be played outside the Burswood Casino.

That was Hon Geoff Gallop, whom, I might say, most people regard as a pretty decent individual.

A report by Jess Strutt from the ABC on 11 June 2018 states —

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

An expansion of popular electronic gaming options, including animated horse and greyhound racing, is being considered by the WA Government as part of the potential sale of the TAB.

It says that the McGowan government is playing politics with gambling rules and goes on to state —

When the ABC revealed in 2016 the previous Barnett government was considering allowing a gaming machine expansion, including electronic horse racing as part of a potential TAB sale, Mr McGowan was highly critical.

It then quotes Mr McGowan —

“All that will mean, is more people will pour their money into those machines, ... particularly those on pensions, and those who can least afford it, will lose money,” Mr McGowan said at the time.

“It brings some of those social ills, in particular gambling addictions and the like that we’ve seen in New South Wales, Victoria, and Queensland now for decades to Western Australia.

“It is a very, very disturbing development and I oppose it absolutely.”

Mr V.A. Catania: What year was that?

Dr D.J. HONEY: It was referring to 2016.

Mr V.A. Catania: Nothing’s changed!

Dr D.J. HONEY: Nothing has changed. Apparently, now the Premier is extremely relaxed about those machines which he believed three years ago would cause enormous harm to the community and which he and all members opposite are now supporting.

Gary Adshead is certainly alive to the issue. He covers the same theme in an article in *The West Australian* of Tuesday, 16 October 2018 headed “Past catches up with McGowan in TAB sale”. The Premier tried to backslide out of it by saying that he did not really oppose it, but Mr Adshead noted —

Without wanting to further ruffle the Premier, he did mention “Trackside”, “electronic horse racing” or “gaming machine expansion” eight times in that 2016 rebuke of the Barnett government.

This is members’ Premier representing their views. This was his view three years ago and now, all of a sudden, something has changed. I will be absolutely fascinated to hear from the Premier, the Treasurer or members opposite about what has possibly changed that would allow this to go ahead.

The truth is that there is no support for the expansion of electronic gambling machines outside the casino amongst the people who deal with the problems. An ABC news report by Garrett Mundy on 28 June 2016 states —

... Ian Carter from Anglicare WA said expanding gambling in any way in WA would be a mistake.

“We already have enough stuff coming in from overseas in terms of gambling which is intruding already on what’s going on,” he said.

“We need to hold where we are. We do not need any further expansion of gambling opportunities beyond what’s already happening, which I think is too much.”

Members should think about some of their own supporters, because their union colleagues are a lot more alive to this issue than members appear to be. I wish I had time to read in full the submission from the Community and Public Sector Union–Civil Service Association of WA. Everyone opposite should read it, particularly those who rely on the votes from that union to support them in this place. It recalls that, at the time it was originally talked about being introduced by the Barnett government, which was in 2014, the WA Labor opposition was opposed to it. Its submission states —

Unfortunately, despite the announcement of a two-stage process of consultation ...

If this is about consultation, one of the important unions that represents a couple of very important members said that it was not given the opportunity for meaningful consultation with the workforce, and it has not occurred to date.

In its analysis of Trackside, it states —

The CPSU/CSA is also concerned with the community impacts of the proposed privatisation of the TAB, particularly if simulated racing products are to be included in the licensing arrangement. Simulated racing products such as Trackside are currently only available within Crown’s Burswood Casino and do not extend to TAB outlets or TAB pubs in Western Australia.

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It goes on to refer to the outlets in New South Wales and Victoria and to the dramatic increase in problem gambling and then states —

In part, this is due to the availability of Electronic Gaming Machines ... in those states.

It is referring to Trackside in this case —

Many of the features which make EGMs highly addictive ... are also present with simulated racing products.

It is not just me. If the member wants to have a go on this one, he should get stuck into the CPSU–CSA. The submission continues —

The CPSU/CSA has concerns that the digitilisation of traditional forms of racing, while presented as a product that may “complement” traditional racing codes, may actually overrun the industry and contribute to problem gambling, increasing the gambling sector’s impact on vulnerable members of the community. This is particularly concerning in regional communities which have increased vulnerability to problem gambling and an engagement with the racing industry.

It also goes on to say that there is a concern that this leaves the window open for creep. I will finish on this little bit —

The CPSU/CSA is firmly of the view that the proposed expansion of simulated racing products from the Casino to TAB outlets and TAB pubs would have a negative impact on the community of WA, indicating the potential for a move towards other forms of automatic and online gambling.

It goes on to refer to gambling harm, which it is very aware of, obviously because of its members. Again, for the sake of brevity, I will not go through that at the moment.

I now turn to the Western Australian Council of Social Service. I saw a number of members at the WACOSS annual function and I know that a number of members hold WACOSS in quite high regard. WACOSS put out a joint media release on 10 October last year about this matter and I will quote from parts of it. It states —

“The harms from gambling can have a devastating toll on communities and we want to ensure that supporting services to tackle that harm is given the attention it needs,” ...

Perhaps that is something that other members will talk about later on. Bev Jowle, executive officer of the Financial Counsellors’ Association of Western Australia, is quoted as saying —

“We are also very concerned by the proposed introduction of virtual racing. Western Australians have benefitted from a strictly-regulated betting industry to date, as the only state to be free of poker machines outside of the casino. The proliferation of alternative gambling avenues, including the introduction of virtual and simulated race products, increases the risk of gambling harm in our community,” Bev concluded.

When I hear comments from across the road that Trackside is different and Trackside is special, clearly a significant number of members of the organisations that support the government believe otherwise. That is because they are close to their members on the shop floor and see the enormous harm that gambling causes to people in the community.

I am guided by the member for South Perth on the virtues of the bill. There is an intrinsic logic in government separating itself from a gambling agency. I returned a week ago from a trip to Seoul and Tokyo. There is a very high level of smoking in Tokyo. I know that the government is conflicted, because it both sells and regulates tobacco, and—guess what?—it does not want to stop the sale of tobacco because of the revenue it generates. It is good to see a separation in this bill, and I think that will enable freer regulation of the industry.

I support those parts of the bill, and I am sure other members on this side will talk about why the overall bill is worth supporting. I note the excellent suggestion from the member for North West Central that more of the proceeds of sale of the TAB be returned to the industry. However, I strongly oppose the expansion of Trackside outside of the casino. It is simply wrong, members. I am not sure whether members noticed that when this bill came before them, but that is simply wrong. We are told it is only trifling—it is only a small amount. If that is the case, do not include it. It is not worth the additional harm it will cause to our community. I know members see those people who are doing it tough. Gambling is tearing a lot of households apart. Whatever hardship those people are suffering, gambling makes it 10 times worse. The government is proposing the expansion of electronic gaming outside of the casino into clubs and pubs. Members should not kid themselves that it will be restricted to some isolated places. It will be in all the little bowling clubs and sporting clubs around the state. Members may not realise the pervasiveness of TAB machines and agencies in this state. The expansion of electronic gaming will have the greatest impact on those people who are least able to afford it. It particularly confronts me that this is the group that the government claims to represent, and I believe that in its heart, it does. As I have said, I take the good

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advice of my friend the member for South Perth. However, Trackside should not be part of this bill, and, when the time comes, I will strongly urge every member of this house to remove it from this bill.

MS J.M. FREEMAN (Mirrabooka) [8.43 pm]: I rise to make a brief contribution to the debate on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. I want to make my contribution about a Western Australian man who brought about some of the modernisation of the TAB because when we look to the future, we should remember the past.

I understand that this legislation has bipartisan support. At its core, this legislation is in the interests of the racing industry. It will preserve the role of the TAB and the existing contractual rights of TAB agents.

In looking at the past, we all know that racing and wagering has always been controversial. It began in the 1700s, when English gentlemen wagered on which horse was better. The first record of bookmakers “making a book” was in 1790. The tote is based on the parimutuel system, which was invented by Catalan impresario Joseph Oller in 1867. Obviously, we were still waiting for these things to come when Western Australia was settled in 1829, but these things were happening in other parts of the world, and we imported much of what had occurred in Britain and the controversy about racing, gaming and betting.

In 1948, Western Australia established a Royal Commission on Betting. Up until that time, Western Australia had basically adopted the British legislation. At that time, there were two forms of illegal betting—street betting and shop betting—and they were interwoven. Shop bookmakers would use a legitimate business, such as a barbershop, as a cloak for their betting operations. People would often go onto the street to bet. The reason that street betting was illegal was because of the traffic regulations, not necessarily because of the betting regulations. People would then go inside to find out the results of the race. I took much of the history of this from a chapter in the book *Born Winners, Born Losers* by Jenny Tomlinson. To evade being found guilty of illegal betting, they would use a scapegoat, or stooge. The stooge played no part in the betting operations but was there to be caught in the event of a raid. My understanding is they also had someone called a nitpicker, who used to look out —

Mr J.E. McGrath: Keeping nik—keeping a lookout.

Ms J.M. FREEMAN: Yes. If the police came, they would throw the book to the stooge and the stooge would be the scapegoat. The stooge generally collected a weekly payment, and a further payment if they were arrested. Their main source of revenue was received upon going to jail. Therefore, far from not being impressed at the prospect of going to prison, they often requested a term in prison because that would ensure their income. What I am saying is that this has always been a controversial area. There have always been people who have said we should not push it beyond that.

My understanding is that the first Julius tote in Australia was in 1916 at Gloucester Park. The Julius tote was invented by an Australian engineer, George Alfred Julius. It was a specialised mechanical calculating machine known as a totaliser.

Mr J.E. McGrath: Totalisator.

Ms J.M. FREEMAN: Totalisator. Thank you very much, member for South Perth. It was an automatic tote board. When I went to Gloucester Park and saw all those big windows, I thought that is what a totalisator was. It is now no longer used. What I am saying is that this area is constantly moving. I understand we got a second eight-terminal system in 1929. We would have been really excited about that! The tote ensured punters got fair odds on their money. If they won, they were fine—it was fair odds. Tote betting meant that the masses could try their luck. That was not without controversy. Something that had previously been an elite pastime to a few was suddenly available to the masses. Of course, people were outraged. Although tote betting was legal in South Australia, during debate to legalise it here in Western Australia, South Australia repealed its legislation because the totalisator had meant a lot of impressive young people had started betting. This is a constant area of controversy. It is also an area of constant innovation.

Even though the tote at Gloucester Park had worked satisfactorily for some years—or actually in Perth; I am not sure whether it was at Gloucester Park at that point—it was operating unlawfully when it was first introduced. The turf club wanted to continue working the machine without being guilty of breaking the law. The Totalisator Act 1883 made totes only lawful when worked under the auspices of a bona fide club established for the purposes of promoting horseraces.

The Betting Control Act 1954 regulated the assessment, collection and allocation of a tax on the money paid or promised to bookmakers or the Totalisator Agency Board as consideration for bets. A Betting Control Board was established. The manager of the TAB was the deputy chair of the board.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

In 1959, a Royal Commission on Betting was conducted in Western Australia. What I thought was interesting when I read the commission's report was that, without exception, all the racing bodies that presented to it indicated that prosperity in the industry was in marked decline and needed help. How little changes! Betting shops and other people were blamed.

Subsequent to legislation in 1961, the Totalisator Agency Board was established. In taking over the offcourse betting, the TAB set up agencies operated by local businessmen, who had the sole right to determine where agencies were located. That obviously caused quite a bit of concern and controversy.

The whole reason I am standing tonight is to talk about what happened after 1961. A young man, Albert John Smith, was born in Midland Junction in 1924. He was the eldest of five children. He attended Perth Modern School until the age of 15. He served with distinction in the RAF in World War II, as a rear gunner in a Lancaster bomber, in over 30 missions, before being seriously wounded in 1943. After returning to Perth, he undertook accounting studies, as well as excelling in water polo as both a player and an official. He was one of the poolside officials at the most infamous water polo match in history, the USSR v Hungary game at the 1956 Melbourne Olympics. He was a long-distance swimmer. At one stage he won the Swim Through Perth.

Why do I want to talk about Albert John Smith, or AJ Smith as he was known? He joined the WA TAB in 1961 as one of its first employees. He was a qualified accountant and had a fascination with the numbers involved in gambling. He worked part time as a bookmaker's penciller. The member for South Perth might know what a bookmaker's penciller is. He calculated in his head the odds for each ticket. He joined one of the first legal betting offices. His experience was ideal for the fledgling WA TAB, which needed people who understood how betting worked. An unexpected benefit of his experience was that he knew the location of many of the illegal starting price bookies who continued to operate after the TAB started. He was able to assist police in closing them down, and drove customers to the TAB very quickly.

As an accountant, he was uneasy about the TAB recording bets manually and the risks of large amounts of cash being held without proper records. He worked with the National Cash Register company in 1962 to develop the world's first automated betting-ticket machine, which was quickly adopted across Australia. This led to him commencing a project with IBM in 1963 to investigate computers as a way to record and manage betting. This would lead to the launch of world-leading computerisation of the WA TAB in 1965—the first automated ticket-betting operation in the world. He was not present to see the launch as, in 1964, he had been poached by the New South Wales TAB as its first operations manager. Applying his experience in WA, he developed many of the same systems in New South Wales, and took them further as technology developed. In the late 1960s and early 1970s he was sent to advise the Hong Kong Racing Board to establish off-track betting—a TAB—and then to New York for the same project. The business model that started in the WA TAB was used to establish TABs in NSW, Hong Kong and New York.

From humble beginnings in Midland Junction, Albert married his wife, Carmel, in 1948. She was from Kalamunda. They settled in Scarborough. This WA man developed computerised betting. It was the first automated ticket-betting operation in the world. His son, a good friend of mine, Damien Smith, is very proud of the contribution his father made to the TAB in Western Australia.

Mr J.E. McGrath: Did he go and work in New South Wales?

Ms J.M. FREEMAN: Yes.

Mr J.E. McGrath: I knew him.

Ms J.M. FREEMAN: He did go and work in New South Wales. I never got to meet Damien's dad, but Damien was extraordinarily proud of his dad and the contribution that he had made.

Mr J.E. McGrath: He was older than me!

Ms J.M. FREEMAN: I did say he was born in 1924!

I will finish by saying it is worthy of reminding ourselves as legislators that this organisation and the industry around betting and wagering and having a punt on the horses has always been something that has evolved. Simply, this is wagering moving to the next stage of its development, as it always has done.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [8.56 pm]: I want to make comments on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. This of course has a long gestation period in public policy in Western Australia. As Treasurer, I had the carriage of the former Liberal-National government's attempts to move the TAB towards privatisation, so I know a bit about it. One of the most notable aspects during that period was the strident across-the-board resistance from the Labor Party, without exception. I cannot even remember this Treasurer saying anything on this—the Labor Party was against it. It was going to destroy the industry. It was going to lose jobs. It was going to promote gambling and the addictions that come with it. It was going to basically render the horseracing and gaming industries defunct in this state. It resisted every

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move that we made towards privatisation. As a result, it contributed to losing hundreds of millions of dollars for this state. The value of the asset now is a fraction of what it was had it been sold up to six years ago. The Labor government has lost hundreds of millions of dollars for this state. When members opposite bleat about our debt levels, that was one contribution. Of course that impacted not only state finances; it also meant less money for the industry itself. Back then, there were two potential bidders, Tatts and Tabcorp—now there is probably just one. History shows that the Labor Party played politics with this issue all the way at the cost of the state's finances and the industry. Towards the end of its opposition in the run-up to the election, it did state that the exception to its strident anti-privatisation policy was that it would consider the sale of the TAB. The Liberal Party supports the sale of the TAB under certain conditions. We will state them here and also suggest some amendments during consideration in detail.

One of the major statements the Premier made, and which he never retracted even when he came around to supporting the privatisation of the TAB right before the election, was that he was against any expansion in pokies and electronic gaming machines, including, explicitly, keno and Trackside. His views were clear. He stated that WA Labor would always oppose the introduction of pokies and similar gaming machines, including Trackside and keno. He said that it would never happen on his watch, because, quite rightly, it would lead to excessive gambling, particularly by those who can least afford it. His views were explicit and were stated often and consistently. Members on this side simply cannot let that go to the keeper; otherwise, he will have made a mockery of this place. His views were clear.

We understand that the industry—the TAB and its agents—want an expansion of gaming machines, including Trackside or something similar. We understand that. We understand that the TAB outlets, which are a major priority for me at least, but also the industry, want an expansion of the range of products they can sell to their customers. I add that the hotel industry, which in Victoria is the largest political donor, particularly to the Labor Party, wants gaming machines in all pubs and clubs. For decades, we have had a bipartisan position of saying no to that. I support that. If we put Trackside in there, this will be the first major move to increase access to electronic-based gambling outside the casino. That is a deviation from a long-held bipartisan policy. The Premier has been absolutely crystal clear on this: no way; never! That is what he stated. Why are they doing it now? The Premier said that it was because he had talked to the industry. Does that mean he will go down to the Australian Hotels Association, which Labor is very close to, and accede to its demand to have electronic gaming machines in every pub and club? The AHA wants that. I have talked to it; it wants it badly. Some of its members are really struggling financially. Increasing access to gambling and those things would help their bottom line. Is the government going to do that? It is a relevant question. I am not just playing politics. I am taking government members at their word. Were they lying in the past? Were they falsifying? Let us go through it. This is a serious issue that we have to address. The Premier clearly stated that he would never, on his watch, allow this to happen. He tried to weasel out of it by saying that it was only the one-armed bandits that he meant, but the Premier was explicit; he included keno and Trackside. It is clear.

This bill includes Trackside. There are some other problems with Trackside, but I will deal with those in a minute. It basically locks in Tabcorp to purchase the asset, but maybe the Treasurer can address that and I will address it later. If we hold the Premier at his word and that Trackside will lead to an expansion of gaming in an area in which there was bipartisan support for it to be banned—that is, outside the casino—and that its expansion is dangerous, particularly in these tough times, then we will have to do something about it. Our view is that we will support the sale of the TAB, including Trackside, if the government puts all the money earned in Trackside into a fund—let us say, to support Healthway or Lotterywest—to be used, amongst other things, for social good and to address problem gambling. We should invest it in the community to address what the government has said are the dangers of expanding gambling. We will move an amendment to that effect and we will pursue it in the upper house. We are just pursuing the government's own logic here. If the Premier's statements were accurate, I take them at face value. There was bipartisan support for that. We will allow an expansion of gambling—a deviation from the long-held bipartisan policy. This would allow the deal to go ahead and for TAB owners to have another product. I know that some of my colleagues disagree with this—the member for Cottesloe strongly disagrees—but it would take the proceeds and put them in full into Healthway or Lotterywest, which I think are now combined. We argue that a portion of that money should be set aside to address the social dislocation of problem gambling. That is rational, appropriate and consistent with the government's own claims. We will pursue that. I hope the government is honest enough to support it.

Mr P. Papalia: You are a complete nutter.

Mr V.A. Catania: How can you say he is a nutter when what you said in opposition is contrary to what you are doing now? Aren't you the nutter?

Mr P. Papalia: You said we should put 100 per cent into the racing industry and he is saying put 100 per cent into some magical fund!

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The ACTING SPEAKER: Minister!

Dr M.D. NAHAN: The fund exists.

Mr V.A. Catania: You said, “Don’t sell it.”

The ACTING SPEAKER (Ms J.M. Freeman): Hey! Finished?

Mr P. Papalia: Yes.

Dr M.D. NAHAN: The member opposite is basically saying that he supports the largest expansion of gambling outside the casino in our state’s history, which is something he and all his colleagues condemned just two years ago. He says that I am a nutter for pointing that out. Well, someone is nutty, and it is not me.

Mr P. Papalia: You are going to damage the industry.

Dr M.D. NAHAN: No, we will not.

Mr P. Papalia: You don’t understand what you’re doing.

Dr M.D. NAHAN: I fully understand what I am doing. Nonetheless, that is the point we will push. We will go through it in the consideration in detail stage and move an amendment.

Studies show that there has been a long-term deterioration and decline in the profitability of the TAB. It is subject to strong competition. The idea is to transfer it to a private owner, which will do more and be more innovative, more cost effective and able to sustain the profitability of the industry and, therefore, the disbursements to the industry. We support that. When I was Treasurer, we tried to examine how a purchaser would reduce costs. One of the major arguments of the Premier, in opposition, against the sale of the TAB was that it would reduce costs, specifically by laying off a large number of people employed by the WA TAB. By the way, it will. One of the major savings we identified, which has not been discussed in the government’s material—I think it has been excised—will be through the purchaser, and particularly Tabcorp, which is the logical purchaser, reducing the number of staff. The Australian Hotels Association (WA) has argued that Tabcorp should be the only one considered. It is a member of the AHA. Nonetheless, Tabcorp is popular in the industry, and particularly with the TAB outlets. They would like Tabcorp to be the successful bidder. It is a good business. However, we were told quite clearly that the major initial savings will be made basically by moving all the backroom people from WA to Victoria, where Tabcorp’s headquarters are, which would lead to hundreds of jobs being lost in Western Australia. We expect the government to give us an impact statement on the sale of the TAB on employment in WA, particularly since Labor was elected on a commitment to job creation. I might add that Morgan Stanley has done an assessment of the WA TAB. The last year for which it had data, 2017–18, it lost \$5 million on \$340 million of revenue, so it was a losing business. However, Morgan Stanley then went on to assess the gains for Tabcorp of purchasing the business and predicted that Tabcorp will earn before interest and tax a profit of \$58 million and \$65 million a year. That is what Morgan Stanley predicted that Tabcorp would earn. It would go from a loss of \$5 million dollars in the hands of WA TAB or Racing and Wagering Western Australia to \$60 million a year in profit. How does that happen? How can there be a \$65 million turnaround from the privatisation?

Mr P. Papalia interjected.

Dr M.D. NAHAN: I am not listening to the minister. He is trying to stop debate, because he does not want to hear the arguments.

This is why we wanted to privatise the TAB. We argued that it would be significantly more profitable in private hands, and that is what Morgan Stanley said. A result of the sale would be that TAB would be able to sustain higher disbursements to the industry for longer. That is why the government is doing this. How will the TAB do that? It is going to lay off a lot of people. It is going to substantially reduce its workforce.

Mr P. Papalia: Where did Morgan Stanley get this?

Dr M.D. NAHAN: I will send the minister the material.

Mr P. Papalia interjected.

Dr M.D. NAHAN: I am not soliciting noise from the other side. The minister is trying to stop debate.

Mr P. Papalia: This is just you making stuff up.

Dr M.D. NAHAN: Yes, right.

The ACTING SPEAKER: Minister, Leader of the Opposition!

Mr P. Papalia interjected.

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The ACTING SPEAKER (Ms J.M. Freeman): Minister, stop now. Can we just listen to the rest. We have 16 minutes to go, let us listen to the rest in silence.

Dr M.D. NAHAN: I quote the Premier —

If we have Tatts Group or Tabcorp running the industry in WA what will be the first thing that it will do? It will look to cut costs.

Absolutely—he is right. We will see services down and labour cut. Jobs will go. Tabcorp will move activity interstate. We were told by our various studies that the most significant source of savings in the first three years would be to lay off about 100 people from WA TAB in WA and move operations to Victoria. The government should tell us that and come clean. That is part of the game. That is why the government is doing this. But the government has not talked about that. The unions have told it. It is a significant issue.

An issue I have is that Trackside is a proprietary product of Tabcorp, and Tabcorp basically has all of the industry. It has taken over Tatts and so we have one industry now. That is one reason we are going to get less now for the sale of the TAB than we would have a few years ago. Tabcorp is identified by everyone analysing this matter as the overwhelming purchaser of this product. I am concerned that the identification of Trackside, which is owned by Tabcorp, gives Tabcorp an additional right to acquire the asset despite its size and monopoly. The government has to explain why.

[Member's time extended.]

Dr M.D. NAHAN: There have to be exemptions for other products like Trackside. It has to be in legislation. We will explore this in consideration in detail. The government has to allow without any limit another bidder to have access to Trackside without a levy or to have a similar product. Tabcorp makes a lot of money off Trackside, and it seems to us that there could be a system, again, to give Tabcorp preferential access to be the successful bidder. In the briefing today, it was made really clear to us that Trackside is not just some simple add-on. It is not just something to go in the pubs and clubs to keep people busy between horse races, although that might be the case in many places. It is a major source of profitability for the transaction. It is going to be undoubtedly more profitable here in WA than in the eastern states, because it does not have competition from poker machines in pubs and clubs that it has there. Therefore, there will be less competition and more money going through. There has not been too much research done on Trackside, but I found an Irish study available in a report published by WA Treasury.

Mr P. Papalia: When? What date?

Dr M.D. NAHAN: Just be quiet. It is a report your own government bloody put out. Look at it.

Mr P. Papalia interjected.

Dr M.D. NAHAN: Yes, yes!

Not too much work has been done, but the report found that these types of simulated gaming encourage addictive behaviour in a similar way to other types of machine-based gambling. If this is the preliminary research put out in a report done by WA Treasury, the government should investigate it and justify —

Mr P. Papalia: Just tell me some details.

Dr M.D. NAHAN: I will give the minister the full details of it. I will put the report on his desk and highlight it so even he can see it. If necessary, I will record myself reading it and the minister can listen to it when he drives home tonight.

Mr P. Papalia: Unlike you, I will actually read it.

Dr M.D. NAHAN: Yes, right!

The preliminary evidence is that Trackside can potentially encourage addictive behaviours. The government has repeatedly stated that it does. That is another reason that we think the proceeds from Trackside should be put into a fund in Healthway and locked away from access by government. It should be used for community purposes and to investigate any concerns with problem gambling. The government is violating something it claimed to hold dearly for decades—that is, a bipartisan agreement not to expand the remit of gambling outside the casino. The amendment we will put forward will allow Trackside to be included. It will allow the product to be used on providers of the product and TAB outlets to gain revenue from it. It will take moneys that would otherwise go to the state—but they will still be in the hands of the state—and put them to Lotterywest. The operator will give the government less money for the product. It will discount its price accordingly, but the money will still be in the hands of the state of Western Australia in the form of Lotterywest or Healthway and therefore still available for

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the betterment of society. I think that is an appropriate way to address the very difficult issue of allowing an expansion of Trackside outside the casino. That is part of this deal. We will argue those cases later.

One of the issues we have had for a long time about the sale of the TAB is: who owns it? Who gets the proceeds for it? The government has put forward a proposal of 35 per cent of the sale value going to infrastructure. I think that is very similar in quantum—depending on what the sale price is, which I am not sure about—to what we proposed in government, which was about \$100 million. That is good. One of the questions we will ask—I have read this, but it is not clear to me—is whether only the interest earned on the infrastructure fund will be available, or if the base of the fund will be spent on infrastructure. We would like to explore what the infrastructure fund will be available for.

The National Party has said that it wants to put all the money—let us say \$300 million—back into the industry. As I understand it, under the National Party’s amendment \$100 million will go into an infrastructure fund that will be spent very quickly and thoroughly, because \$100 million will not go very far towards the improvement of racing facilities in this state. Its proposal is for the other \$200 million to be held in a fund from which only the interest is spent on industry infrastructure. That \$200 million on the state’s books will be a net asset; it will reduce debt and will not be a big cost to the state in respect of its balance sheet transactions. That is not a substantial change.

The government will say, “Well, that money was otherwise going to go to the maternity hospital, the women’s hospital.” That is a fake relationship because we know the government needs to build that hospital anyway. The Minister for Health has committed to building that hospital anyway, and the Liberal Party will also commit to building it. The relationship between the maternity hospital and the sale of the gambling outfit is null. There is no relationship. The government has not tied to the hospital the magnitude of the sale. That would not fund the whole hospital anyway; it is going to be much more expensive than that, so it is basically just a way for the government to pocket a large amount of the proceeds. That is all it is. It is going to take the money and pretend that it would otherwise put it towards the hospital, but it is already going to fund the hospital anyway, so this is just a way of pocketing the money.

I think the National Party’s proposal is quite reasonable: put the additional \$200 million—if that is what is earned—into a fund. It will sit on the balance sheet of the state as a net asset and therefore reduce debt levels. The earnings on it—let us say three per cent—can go, on an annual basis or on the basis of earnings, to the industry for ongoing infrastructure. That proposal will allow the government to invest \$100 million in improvement of the infrastructure of the racing industry, and anyone who knows the racing industry knows that it needs it. It may also facilitate some rationalisation of the assets, which it also probably needs, and ongoing investment in the industry will be available. That is reasonable, it would not cost the state a thing, and we would still have the benefit of the asset. It is just tied so it cannot be spent.

Those are reasonable proposals, particularly in the context of trying to address the real problems of this sale. The problems of this sale have been regularly identified by the Labor Party over the decades, and that is why it has generally claimed to be against the sale. We are trying to address problems that the Labor Party identified, and now it is trying to weasel out and crab-walk away from it, but we are not going to let it, because the community is very concerned about the expansion beyond the casino of access to gambling in this state. This is not playing politics; this is dealing with a real concern in the community, and traditionally there has been a bipartisan approach. This is something the Labor Party strongly supported until now, and we are trying to come up with a constructive way for the government to address this as well as facilitating the TAB sale. I would have expected fulsome support from the government, if it were really interested in getting a constructive outcome.

The National Party’s proposal to put \$100 million in infrastructure and \$200 million into a fund from which only the interest is spent, is reasonable; it will not hurt the state’s balance sheet. The government can still defray net debt through the \$200 million. One of the issues we faced in government when trying to deal with this was the fact that there has been systematic underinvestment in the racing infrastructure in this state for a long time. Taking just a proportion of the \$100 million out per year will not do it; we need substantial funds to broker major changes and rationalisation of that infrastructure. A \$100 million fund, to be spent more quickly than is envisaged now, will help the industry grow, compete, be more viable and attract more customers to what people really want, which is watching the horses, the dogs and the trots. That seems a reasonable outcome from this side. We are trying to make government’s legislation better by addressing the problems of an increase in gambling and systematic underinvestment in the infrastructure of the sector. We are trying to help the government in its aim, which is the sale of the TAB.

Mr P. Papalia interjected.

Dr M.D. NAHAN: The minister does not think so, but —

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Mr P. Papalia interjected.

Dr M.D. NAHAN: Yes, they want to sell it.

Mr P. Papalia interjected.

Dr M.D. NAHAN: No, we are reasonable. He just is against it —

Mr V.A. Catania: They want to take 35 per cent, not 100 per cent? Come on.

Dr M.D. NAHAN: Yes, that is right. They are satisfied with less. They are satisfied with a lot less.

MR J.E. McGRATH (South Perth) [9.27 pm]: The member for Belmont is a very good friend of mine. I lived in Belmont for 22 years and actually trained some horses —

The ACTING SPEAKER: Are you the lead speaker?

Mr J.E. McGRATH: I am not the lead speaker; the lead speaker has already spoken, but I am the shadow Minister for Racing and Gaming.

Before I speak to this bill, I will say that I have been involved in this debate for about 10 years. It all began in 2010 when I was chair of a committee looking at the Racing and Wagering Western Australia Act. It was a review of the act. When the act was enacted, part of it was that there had to be a review, and with this legislation that is coming in now, there will be a review three years into the operation of the new TAB. The member for Darling Range was a member of that committee.

I was chair of that committee, and I raised with other members the possibility of privatising the TAB. There was uproar amongst the other members of the committee. One was Hon Max Trenorden: “No way will we ever sell the TAB!” I said, “Well, it’s an important issue for the industry going forward.” I could see that times were changing and that big corporate bookmakers were coming into Australia. I was doubtful that the TAB could survive into the future, but other members of the committee said, “Chair, it’s not one of the terms of reference”, so we did not discuss it. During our investigation we went around a lot of country racing clubs—Kalgoorlie, Albany, Geraldton and in the wheatbelt—and one thing we found was that the clubs were saying that one of their biggest issues was infrastructure. Racing and Wagering Western Australia was maintaining a high level of prize money, which is the most important thing in the racing industry. If there is no prize money, people will not buy horses; if we have no owners, we end up with no product and betting turnover decreases. Prize money is the lifeblood of the game, and the source of that prize money revenue has forever been the TAB. For a long time the TAB had no competition. It did not bet fixed odds; it was only a totalisator operation. It would not matter how much money was spent on the winner of the race, the TAB could not lose, because it just declared a dividend and took out its take, and it was great for the racing industry. But I could see that there needed to be some change.

Our committee made a couple of recommendations. The first one was that the Minister for Racing and Gaming, who at the time was Hon Terry Waldron, in conjunction with the Treasurer, review the rates of tax for totalisator wagers and fixed-odds wagers, in sections 4 and 5, respectively, of the Racing and Wagering Western Australia Act 2003, with a view to enabling Racing and Wagering Western Australia to compete more effectively. Racing and Wagering Western Australia said to us that other states had reduced their tax on wagering, and if we could get the tax reduced by an amount that would enable us to put \$10 million a year into an infrastructure fund, that would help the industry. In 10 years’ time, there might be \$100 million in the fund, less what had been spent on the way through. We put that forward, but the government of the day, of which I was a member, did not want to do it. I was told, when I asked a question, that Treasury never gives money back. It was not going to take away a tax, because it had been there a long time, and it had been used to getting that funding. I thought about what the answer would be for the racing industry. I gave a speech in this place on 19 May 2015, in which I said —

The time has come for the industry to be modernised ... The government does not want to tell the racing industry where it should be in 40 or 50 years. But we do tell the industry that we understand that the biggest challenge the racing industry faces is infrastructure. ... There is \$100 million of capital investment required that the racing industry cannot fund.

...

Privatising the TAB is an opportunity for some of that funding to be put forward to the racing industry to make those changes so that it can set itself up for the next 50 years.

The Premier at the time, Hon Colin Barnett, agreed that the industry had to look forward. It had to rationalise, and work out where it needed to spend infrastructure funding in the future. He was suggesting at the time that there should be only one racetrack in Perth, instead of having both Belmont Park and Ascot. As an economist, he thought that having one track shut down for six months of the year was not that smart. The moment I mentioned that, and

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it made a headline in *The West Australian*, there was uproar. The racing industry was totally opposed, the Labor opposition was totally opposed, and members of our party were totally opposed. I remember the Labor opposition, using a very clever tactic, asked the then Minister for Racing and Gaming, Hon Terry Waldron, in question time one day whether he agreed with the sale of the TAB. He said that actually he did not. Tuck was a very honest man; he just said, “I don’t agree with it.”

All these obstacles were thrown in our way as we tried to do something that I have always felt would be beneficial for the industry. *The West Australian* ran a terrible negative campaign against it. It found anyone it could—it could be a bloke picking stuff out of a bin in St Georges Terrace—and if it could get them to say they were opposed to the sale of the TAB, it would be in the paper. It did not matter who they got; anyone who was opposed to selling the TAB was part of the campaign. I thought *The West Australian* should have declared at the time that it had an interest in the future of the TAB, because it was getting paid by Racing and Wagering Western Australia to print all the form guides. This was the campaign that was running against us when we were in government, trying to implement this campaign.

Mr P. Papalia: They are not going to stop printing the form guides.

Mr J.E. McGRATH: I understand that.

Our government had put in place a group called the Western Australian Racing Representative Group. It was funded quite considerably, and did a lot of work. Going to the election in 2017, the Racing Representative Group came up with a needs paper, describing what the industry would need if the TAB were to be privatised. Nowhere in that needs paper did the industry say that the industry should get all the revenue from the sale. At no stage has anyone contacted me or the Leader of the Opposition to say that the industry deserves all the revenue from the sale of the TAB. I know there are some people such as Wilson Tuckey who have said that the industry owns the TAB and all the money should go to the industry, but I do not agree with that. I have looked at what this government has offered and I think it is a pretty fair offer, and the industry has agreed with it. Members of the National Party are saying that country clubs do not like it. Country clubs get a voice on committees in RWWA that meet regularly and, funnily enough, RWWA, at briefings we have had and at budget estimates, says the industry supports this offer that has been made.

Mr V.A. Catania: Who is this person saying that?

Mr J.E. McGRATH: He is the chief of Racing and Wagering Western Australia. If industry members were not happy, why have they not come out and spoken publicly? They have not done that, and I will tell members why. I understand that the member for Cottesloe and some other members have problems with Trakside and problem gambling, but I am looking at this from the point of view of a racing industry that has to survive into the future. A lot of people in the racing industry are doing it tough. A lot of the leading trainers in the industry, such as Fred Kersley and Neville Parnham, must have shares in the horses that they train, otherwise they would not have a full stable of horses. There are no owners out there. Very few foals are being born. The industry is doing it tough. In New South Wales and Victoria, it seems to be going a lot better, but those states have big populations, with a lot more owners and trainers, and good quality horses. Our good horses can go over there and win, but the racing industry at the moment here in Western Australia is doing it tough. Racing and Wagering Western Australia has managed to maintain prize money at a good level. Even our provincial and country prize money stacks up very well. We have \$50 000 cups in outer country areas. I think Racing and Wagering Western Australia has managed that side of it pretty well. The thing I like about this offer that has been made by the government to the racing industry is that 35 per cent of the net proceeds of the sale will go into this infrastructure fund that I wanted 10 years ago.

If the TAB was sold for \$300 million, 35 per cent would be \$105 million. What if the TAB was sold for more? If it was sold for \$400 million, 35 per cent would be \$140 million. None of us knows this. We are debating this now, but none of us knows what the outcome will be. This is enabling legislation for the government to put this out to tender. I know that there is conjecture about whether there will be only one bidder, and that would be Tabcorp. Tabcorp is the biggest operator in Australia. I do not really care who gets the TAB. I hope there is a bidding contest. I hope there is more than one bidder. I am aware that at least one other corporate was interested in bidding for the Western Australian TAB, but that remains to be seen. I was at a meeting with Colin Barnett and he said to the industry at the time—we thought then that the TAB might be worth \$500 million—that he would guarantee that it would be no worse off in the distribution of prize money and it would get 20 per cent of the net sale proceeds, which would have been roughly \$100 million. That is what we were going to offer. I think this is probably a better offer, but how do we know? We did not get the chance to do the final negotiation with the industry, which this government has been able to do.

Mr B.S. Wyatt: Back then, 20 per cent probably would have got you about \$100 million.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Mr J.E. McGRATH: Yes, it would have got about \$100 million. I would like to think that the government might decide not to sell the TAB if it does not get a high enough bid—say, below \$300 million. If the net profit does not reach \$100 million, the government might say that it will guarantee the industry \$100 million anyway and anything above that will be a bonus. I would like to see it act in good faith and guarantee the industry \$100 million.

At the briefing today, we asked about country racing. We are concerned about country racing, too. We understand that the Nationals WA is very strong in the country; that is where all its representatives come from. We understand that we need country racing. A lot of farmers have traditionally been horse owners and a lot of good horses come from the country. Country racing will always have to be viable. We asked Richard Burt a number of questions about country racing. We asked what would happen if the winner of the right to operate the TAB did not want to operate on certain country meetings. We were told that as part of the contractual model, race dates will be fixed by Racing Western Australia, which is currently Racing and Wagering Western Australia. Once those dates are set, the new provider will have to provide for betting on those meetings. That will be a guarantee for country racing. The other thing about country prize money is that under the current system, each club is given whatever amount it generates in revenue for the following season. That is the benchmark. If a club creates this much revenue this year, it will get that, plus product fees for its meetings. That is how prize money is disseminated to all the clubs. We were assured today that that practice will remain in place. These things will apparently be sorted out once the negotiations start.

Mr B.S. Wyatt interjected.

Mr J.E. McGRATH: Yes, and the point-of-consumption tax has also made a big difference. That is something that the racing industry has been supportive of.

[Member's time extended.]

Mr J.E. McGRATH: I noticed in *The West Australian* today a media release from Racing and Wagering Western Australia that states that it will provide the industry with \$168.4 million in funding in 2020. That is \$10.6 million more than it provided this year. This comes despite a levelling out of wagering revenue. People are not betting as much in the shops —

Mr B.S. Wyatt: In the TABs.

Mr J.E. McGRATH: Yes, in the TABs. But the industry has been getting more money out of the racing bets levy and the point-of-consumption tax. The government was going to lock in a no-worse-off period of two years, because the industry wanted some guarantee if the government was going to change the whole system. What if it does not work and the industry finds that it is not getting anywhere near the funding that it needs for prize money? I believe the government has agreed—maybe the Treasurer can confirm this when he replies—to lock it in for three years. There will be a three-year lock-in period during which the new licensee will have to guarantee that the industry will be no worse off.

Mr B.S. Wyatt: I can confirm that; that is right. If the bill makes it through unchanged, that will protect the industry for the next three years of course, because at the moment RWWA has been dipping into its reserves to maintain that spend as well.

Mr J.E. McGRATH: Yes. The lock-in period is very important for the industry. At the end of the three years, there will be a parliamentary review, similar to the one that looked at RWWA, which I chaired. I cannot come back and chair this one for the government, though!

Mr P. Papalia: We undertook to do that in respect of governance of racing, not this matter.

Mr J.E. McGRATH: That is governance.

Mr B.S. Wyatt: And funding.

Mr P. Papalia: And funding; okay.

Mr B.S. Wyatt: It is set out in the legislation.

Mr J.E. McGRATH: There will be a review of the funding, and I think that is important. We will ask a lot of questions during the consideration in detail stage. What sort of requirements will be placed on the new provider? Will it have to report to Parliament? Will it be able to run its operation without having to release any information to members of the public or the racing industry? Will we know how much it is holding on racing for various meetings? What sort of interaction will there be between the new provider and the racing industry? Specific things such as how much of the racing profits will have to go back to the industry will be part of the contract that the new acquirer will agree to. If it does not agree to that, there will be no gain.

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I now want to touch on a couple of the points that were raised by some of our members. There is concern about Trackside, and the member for Cottesloe spoke at some length about it. I can understand his concerns about simulated racing. I have been to a few TABs in pubs and clubs on the east coast and I did not see many people betting on simulated racing. I do not think people will go into TABs just to have a bet on a simulated race. The other thing I was going to point out, member for Cottesloe, is that Trackside will be only in pubs that have a TAB. Not all pubs have a TAB. The Windsor Hotel in my electorate does not have a TAB. The Karalee tavern and the Raffles Hotel do not have TABs. A lot of pubs do not like TABs. Some like them; some do not. It will not be as though this game will be available in every pub. I think it is a pretty benign product. I know people who have lost their house, their family and almost their life from betting on horses.

However, we have never made betting on horses illegal. The expansion of Trackside through this legislation will not prevent a tenderer other than Tabcorp from introducing a similar game, not necessarily using Trackside. There are other games. However, according to this legislation, it would have to be thoroughbreds, pacers or greyhounds. It cannot be pears, apples and pineapples. It has to do with racing. That is important. TAB agents are very keen about Trackside, because they are struggling. The racing industry supports it. The Australian Hotels Association also supports it, but not all AHA members will have access to this game. I do not think it will be a big issue. I guess the government is trying to maximize the sale to ensure that the 35 per cent share to the industry is as large as it could be.

Mr B.S. Wyatt: It is also to give TAB agents a chance against the big internationals, because this product will be available only in TABs, not online.

Mr J.E. McGRATH: Yes. Trackside will be available only in TAB agencies or PubTABs. People will not be able to gamble on Trackside online. Trackside will operate on only a certain number of races each day, and only during the normal hours of operation of a TAB. The owner of a TAB will not be able to keep his shop open for three hours after the last race at Gloucester Park for people to bet on Trackside. There will be fairly tight restrictions around it.

I do not mind the Leader of the Opposition's suggestion that the money raised from Trackside should go into a pool, such as the one operated by Lotterywest, to fight against problem gambling. However, we need to remember that processes are already in place to address problem gambling. Racing and Wagering Western Australia and Crown Casino invest a lot of money into problem gambling.

Mr P. Papalia: Yes. They currently pay for that. Why should taxpayers' money be used to pay for something that the industry should pay for?

Mr B.S. Wyatt: That is an important point. The new operator will be required to step in where RWWA is now and continue to fund the problem gambling supports in this state. That is a much better scenario than what has been proposed by the Leader of the Opposition, namely that that burden is picked up by the broader taxpayer. We are making the operator pay for that, not the taxpayer. I do not think that has been understood.

Mr J.E. McGRATH: Yes.

The situation is that the TAB now finds itself in a market in which international operators have huge benefits of scale. I do not think the TAB can continue to compete in that environment. I think this is the best answer for the future of racing. The government has done a pretty good job in consulting with the industry. It has at last got the industry to agree with the position that it has put forward. Our friends in the National Party have raised the concern that it will impact on country racing. I do not think it will be allowed to impact. The governing body of racing will be Racing WA. It will not be Racing Perth. It would be derelict in its duty if it gave funding from prize money to metropolitan tracks and left provincial and country tracks without proper funding. The funding will be required to be applied across the board. The intent, according to RWWA, is that the funding method will remain the same. There will be no change. The method that is used now to fund the Kalgoorlie–Boulder Racing Club, Albany Racing Club or Northam Trotting Club will remain the same.

I would like the infrastructure fund to be used mainly for major infrastructure. If we throw money at a club, it will spend it on anything. This fund will continue to grow. We do not know how big it will be. Racing Western Australia will take over all the assets currently owned by RWWA. That includes the TAB agencies—the bricks and mortar—its headquarters at Osborne Park, and about \$40 million in cash assets. That will be transferred to the new body. Today at our briefing, I asked about funding for a new toilet block, or a new change room for female jockeys, which are not massively expensive infrastructure projects, and we were told that as part of its operation, Racing WA would have funds to enable it to do that.

Mr B.S. Wyatt: Of course the increased new revenue stream could be used for minor infrastructure as well. You are absolutely right.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Mr J.E. McGRATH: I think we need to give this a go. In our party room today, we voted to support the bill. However, we said also that we would raise some issues, and that our members would move a couple of amendments on Trackside. In the Liberal Party, we can all take a position. We are a broad church, as some people describe us. In my view, this should be bipartisan. We know what government members said when in opposition. We know they have done a big backflip. But them's the breaks. We need to support this industry, which we are told is supporting the package that has been put forward.

MS C.M. ROWE (Belmont) [9.57 pm]: I am pleased to make a brief contribution to the debate on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. These are very important bills. The racing industry is a big stakeholder in my electorate of Belmont. However, given that the industry employs 8 000 people directly, it is also a big stakeholder for the whole state. This legislation will affect a lot of people.

I would like to take this opportunity to congratulate the Treasurer and the Minister for Racing and Gaming. From what I can ascertain, there has been extensive consultation with all industry participants across the three codes to arrive at the decision to move this process forward. This has obviously been a long time in the making. It was discussed by the former Liberal–National government for some time. The TAB (Disposal) Bill essentially provides the capacity to sell the TAB, establish an infrastructure fund, and set up the post-sale regulatory framework for the industry. Where we are at today is born out of lengthy debate. I note that this began when the previous Liberal government put it on the table in 2014 but then did not progress the matter any further. That left the industry with enormous uncertainty about where it stood. The industry certainly felt very nervous and insecure because of the lack of clarity around where the government time was going on the sale of the TAB. The industry felt paralysed. It did not feel as though it was being showered with love and support from the government at the time. I think the industry is very relieved that this government is taking action on the sale of the TAB.

The Labor Party said at the 2017 election that we would sell the TAB only if it was what the industry wanted, and at a baseline that would leave the industry no worse off. Importantly, we then went straight to work on investigating that and engaging directly with industry. Again, that was right across the three codes. A critical failure of the last government with the TAB was its failure to engage and act. It left intense insecurity in the industry.

After extensive consultation with industry right across the state, it came back with a resounding response. It supported the sale of the TAB, especially given all the support mechanisms that had been built into the process. The state government knows very clearly that the industry is very heavily reliant on TAB funding. That is why we have taken the consultation process really seriously. Consideration has been given to all of the different industry stakeholders. We want to ensure we are giving the industry a really strong foundation to continue to thrive and grow so there is sustainability for the industry. We want the industry to continue in what are really challenging circumstances in light of some pretty fierce competition globally.

On this point, I would like to acknowledge the commitment of the Minister for Racing and Gaming. He was adamant that, as part of this decision-making process, he would be thoroughly informed by all of the relevant industry participants. They have overwhelmingly supported it. When I am out in my electorate of Belmont speaking to some of the same people that the member for South Perth has spoken to, they are concerned because the industry has been in decline. As the member for South Perth mentioned, some of it is to do with prize money, but a lot of it is to do with uncertainty and speculation around the TAB. The industry has felt that deeply. Sadly, as a result we are seeing more and more people move out of that industry, including breeders and trainers. In saying that, it still directly employs 8 000 people.

The two-stage consultation included all three racing code participants. In June last year, a discussion paper was released that articulated how the possible sale would be structured to benefit the industry. Following this report, 12 consultation forums were held in many regional parts of the state. As the member for South Perth has touched on, racing is a really significant part of the culture and fabric of these regional communities. It is very important to make sure that regional racetracks and regional industry players are very much at the forefront of our minds when we look at this policy. Another part of that two-stage consultation was receiving submissions. One hundred and seven submissions were received from the general public and industry participants in response to the discussion paper. They were overwhelmingly in support of the sale of the TAB.

This bill is about moving forward with the sale of the TAB and setting up the industry for the future. It will remove a lot of the insecurity, uncertainty and opaqueness that the previous government left them with. The structure of this proposal really aims to ensure the longevity of the racing industry across WA. The wagering market, locally and globally, has evolved totally out of sight in recent years. This is undoubtedly a major challenge. Its capacity to remain competitive in this challenging environment is increasingly difficult. It does not have the economies of scale that some of the larger players and larger corporate wagering operators have. As many other members have commented on, that shift to online betting has continued to put pressure on the WA TAB's capacity to remain financially viable and competitive. I think that is an important thing to note. A larger operator would potentially

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have a greater capacity to ensure that they are able to stave off that competition and combat it due to the efficiencies and economies of scale. That is an important thing if we want to make sure that the revenue generated for it going back to the industry will be stable.

I want to make it really clear that this reform package has not been thrust upon the industry, as some members might think has occurred. There has been an exhaustive consultation process. When I am out speaking to people in the industry, they might not know all of the detail of this package, but they certainly feel that they have had ample opportunity to participate in the discussion and the debate around this process. They feel comfortable with where it has landed. I think they would like to see 100 per cent of the sale proceeds going back to the industry, but they are reasonable enough to understand that this is a publicly owned asset and that was never going to happen.

As I said, we made it very clear in the lead-up to the election that we would sell the TAB only if it was what the industry wanted. We consulted, and that is clearly what the industry participants wanted.

Several members interjected.

The ACTING SPEAKER: Stop it!

Ms C.M. ROWE: I proudly support this bill. It really sets up this industry's sustainability. It has been a long time coming.

Several members interjected.

The ACTING SPEAKER: Member for Dawesville, I call you to order for the first time. Leader of the Opposition, you are on three calls. I am tired and losing my patience, so stop it!

Ms C.M. ROWE: We have gone much —

Mr V.A. Catania interjected.

The ACTING SPEAKER: Member for North West Central, I call you to order for the first time.

Ms C.M. ROWE: We have gone much further than the “no worse off” notion that we went into the debate with. If members look at what we are giving the industry, they will see that the 30 per cent funds from the point-of-consumption tax go back to the industry. We have also established the levers for the industry to be supported beyond the sale of the TAB. As part of the reform package, they will be allocated 35 per cent of the net proceeds from the TAB sale for a racing infrastructure fund. We have already heard from a number of members on both sides about the benefits of this type of fund to make sure that all of the racing infrastructure right across the state, in regional areas and at our metro racetracks, will be in the best condition to support a very important industry.

I am really proud, and I am quite surprised at the attitude of some members on the other side, about the remaining proceeds going into a maternity hospital. It really beggars belief. I had my oldest daughter, Bobby, at King Edward Memorial Hospital for Women. The staff were, of course, fantastic. Anyone who has gone there, male or female, to visit a newborn baby and a new mum, or indeed had a baby there as I did, can acknowledge that there is absolutely a need for a new maternity facility in WA that will support women and babies across the whole state. It is really important that the proceeds of sale of this publicly owned asset will partly go back into this very important industry—35 per cent—and the rest will go to a public asset that is critically important in supporting women and babies.

This bill, along with the point-of-consumption legislation, is a result of extensive consultation undertaken by the government to make sure we deliver what the industry wants and that the industry is set on a strong course to continue to thrive in a competitive environment with the appropriate ongoing support mechanisms in place. The government wants to help ensure that the industry is put on a more sustainable footing for the future. This clearly shows how important the racing industry is to the state government and our commitment to supporting the industry. That is why I commend this bill to the house.

MRS A.K. HAYDEN (Darling Range) [10.09 pm]: I rise to speak on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. Before I do, I want to say that I am extremely proud to be part of a Liberal Party in which we are entitled to have our own views and opinions and to voice them openly and freely in the chamber, as I will be doing tonight. I will start by saying that I will oppose the TAB (Disposal) Bill 2019 in its entirety. I will outline the reasons I do not support this legislation. Really, it is because of the lack of credibility of this government. This legislation highlights the lack of credibility of the government and what it has done in the last two and a bit years since taking office in 2017. Firstly, I am against the sale of the TAB. I acknowledge and totally respect the opinions and position of the member for South Perth, but I was on the committee with him on the review of Racing and Wagering Western Australia in 2010 and had the opportunity to visit regional racing and also other jurisdictions around Australia that had sold their TAB. In their conversations with us, they told us

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that they regretted doing that. They said that if they could do it over, they would not do it. Their recommendation was to not sell our TAB asset, because it would be a short-term gain and not a long-term win.

With that in mind, I have also spoken to my local community in the seat of Darling Range. I have a number of horse and dog breeders, trainers and jockeys in my electorate and I have been speaking to them. They are not convinced on the sale of the TAB either. I always said to them when I was elected that I would stand up for their beliefs and bring them to this chamber, and that I would advocate on their behalf at all times. The community has spoken to me. They are not convinced. They have highlighted their disappointment in trying to get meetings with the Minister for Racing and Gaming on the sale of the TAB. That is disappointing to hear. When there is an issue as big as this and large racing bodies are not heard or do not have the opportunity to speak to the Minister for Racing and Gaming, that is extremely disappointing. That is when the government does not get the industry alongside. If it does not talk to, engage with or listen to the industry, it will not come with it. Some others have given up; they have said that it is going to happen and they cannot stop it, so they will try to make the best of it. The industry people I have spoken to do not support the sale of the TAB. The information I gathered while on the committee back in 2010 led me to not support the sale of the TAB. More importantly, it is the hypocrisy and broken promises of the government of the day, which said in 2016 that it would not privatise —

Mr V.A. Catania: No!

Mrs A.K. HAYDEN: Exactly! It said that it would not privatise government assets and would not extend gambling across WA. It goes to the very core —

Mr V.A. Catania: Did new members do that?

Mrs A.K. HAYDEN: All members on the other side made these promises. When a party makes promises and comments to the community on what it stands for and then throws that all out the window when it gets into government and does not deliver on any of the promises, commitments or comments made, how are we ever going to get the community to trust this place and politicians? It is this very act of back-flipping on all these promises and comments to the community that deteriorates the role of Parliament and the representation of politicians. It is for those reasons that I oppose the sale of the TAB.

I will go on to the expansion of gambling across WA and into our suburbs. History has shown time and again that political parties and crossbenchers, no matter whether they are in government or in opposition, have always said they would never support the expansion of gambling in WA. We have all stood by that. No matter where someone has sat in this chamber, we have all agreed that we would not expand gambling in WA, and that has stood the test of time. If anyone thinks that this legislation will not extend gambling addiction, they are a fool, because any gambling is an issue in our community. Right now in WA the cost of living is the number one issue that the community is suffering from. It is the number one issue, yet here we have a government wanting to push gambling further into the community. What do we think that will do to families? People who are feeling down and depressed with no money will be thinking, “Let’s go put a bet on at the local pub, because I’ve got gambling down the road now. Let’s see whether I can win the extra money that is going to pay my power bill or my car registration.” They go down there and they lose everything. They then go home and they are in a miserable state. We will have a very nasty cycle that will grow and grow in outer metropolitan Perth because we have expanded gambling into our suburbs.

I worked on the casino floor many, many moons ago.

Mr J.E. McGrath interjected.

Mrs A.K. HAYDEN: Yes, I am older than I look, member for South Perth!

I was on the floor of the pokies. The people who went there during the day were mums. They would drop the kids off at school, go to the casino and use their shopping money. They would lose their shopping money for the week and race home in time to pick up the kids and put dinner on the table before the husband got home. They would be in tears. I would walk many women and seniors to the front door in tears because they had just lost their week’s or month’s spending money and their partner did not know about it. It was a very sad place to work. I have to say that I did not stay there for very long. I found it very depressing. I did not find it a happy place to be. I saw the deterioration of individuals. If we expand any type of gambling in our communities, we are now making it more accessible for people to go to their local TAB, or pub if that is where things can be set up, and gamble. The casino is a long, long way away from Byford, Oakford, Mundaring and Roleystone. I do not want to see my community now having access to more gambling because of the rollout from the sale of the TAB. That is one of the main reasons I am against this expansion of gambling into suburbs and regional WA.

As I said before, we have all stood side-by-side and agreed on this, and for the first time in history we have a Labor government breaking that long-term historical agreement and saying it is going to roll out gambling across WA. It is a slippery slope. When one form of gambling is rolled out, it will be easier for the next one to come. When

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the TAB is privatised and it is no longer a government asset, it becomes a business, and when it is about business, it is all about revenue. As we all know, online betting is taking over a lot of the space from the TAB. If the TAB is struggling, it is going to want to find another source of revenue, and if the government gives it one form of extra gambling, it is going to ask for another and another. The next thing we know, we can have little casinos all over WA. Members may think that that is being a little bit extravagant and I might be saying that the sky is falling, but I am telling the government that when it opens this Pandora's box, it does not stop; it will just keep going. I am standing up for the long tradition in which we have all stood side by side and said no to expanding gambling. I will stand, and I will cross the floor if I have to, if this part of the bill goes through. Also, with the proposed expansion of gambling, we are seeing the hypocrisy of the government and broken promises again.

In 2016, when in opposition, the current Premier put out a media release calling the then Premier appallingly dishonest because he said he would not expand gambling. The then Leader of the Opposition, Mr Mark McGowan, the current Premier, came out attacking us for saying that we would roll out gambling across WA. He said that he simply could not trust anything the Liberals were saying. He went on to say —

“WA Labor will always oppose further introduction of pokies and similar gaming machines in Western Australia because of the financial misery they cause.”

This is what our current Premier said in 2016. He spoke about the misery it will cause. Yet now he is saying that he did not say that. The mistruths keep coming out.

As was so well written and highlighted by Gary Adshead in *The West Australian* in October 2018, the Premier decided to rewrite history to cover up the things he said before becoming Premier and now we see the backflips and the broken promises that he is delivering to the community of Western Australia. The people of WA are not silly. We cannot pull the wool over their eyes. They see through the mistruths and the fake rewriting of history. Every single day in question time the government rewrites its version of what happened under the Liberal–National government. Its version is a total mythical story but it keeps pushing out its untruths and tries to rewrite history.

Gary Adshead called the government out with his article headlined “Past catches up in TAB sale”. We will see that headline more and more. For every broken promise that this government is delivering, it is saying, “We didn't really say that. We said, ‘No new taxes.’” The government has increased new taxes. It has said that it will not privatise. It is now privatising. This is not the first broken promise. It said that it will not roll out or expand gambling across WA. It is now expanding gambling. In this legislation alone, there are three broken promises that the government is now denying it ever made. It is trying to rewrite history and saying that it did not do that. Gary Adshead's article quoted the now Minister for Racing and Gaming, stating —

Papalia echoed the resistance that day.

“The government cannot guarantee the disbursements ... once the TAB has been sold,” he said. “Once it has been sold, we will lose control. Ultimately, industry shareholders on the east coast will benefit and our product will suffer.”

We have the now Premier of the day saying that there will be “financial misery” if we do it and it is “appallingly dishonest” to sell the TAB, and the now Minister for Racing and Gaming saying that we will lose control and the product will suffer. Yet the government comes into this place saying, “We did not say that. Now we want to sell the TAB and roll out gambling across WA.” The government keeps spinning out broken promises and untruths. As was highlighted on 18 May, the people of Western Australia are seeing through the government's untruths and broken promises and they do not believe the way it is rewriting history. They voted on 18 May and sent the government a message. It is about time the government started listening to the community that it says it stands up for. It is about time its members held themselves accountable for their own comments, beliefs and promises to the community. It is not rocket science. If the government believes that selling the TAB and expanding gambling into WA will cause misery and ruin the industry, how can government members all stand on the other side of this chamber and support this legislation? I am encouraging members who have doubts about this to stand up, not be sheep, and show that they have a backbone and are prepared to stand up for what they believe in. I am going to stand up for what I believe in. The voters voted me in to deliver their message. They do not want to see the sale of the TAB and they do not want to see the expansion of gambling across Western Australia and into their suburbs.

One of the gentleman I spoke to is happy for me to use his name: Warren Robinson, who is in the trotting industry out in Byford.

Mr J.E. McGrath: I know him well.

Mrs A.K. HAYDEN: The member for South Perth does know him well.

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He explained to me that the cost of getting a two-year-old horse to the races is about \$25 000, and the service fee for the average training stable is around \$3 000. Of the regional racetracks, the prize money at Bunbury is around \$2 000 for a winning horse. It costs \$25 000 for a two-year-old and \$3 000 for the training, and they say that about one in four foals bred for racing will become a winner, so the average spend to find a winner is about \$100 000 per horse, yet the prize money for a winner at the Bunbury racetrack is only \$2 000. These are people who are doing it for love, because they love the industry and it creates jobs. The winning money is not that crash hot and their investment is huge. All they have asked for is to be heard by the Minister for Racing and Gaming and the government, and they have not been heard. Their long-term fear is that the sale of the TAB will not provide certainty for their industry.

As we discovered in the review of the Racing and Wagering Western Australia Act, the biggest thing lacking investment —

Mr P. Papalia interjected.

Mrs A.K. HAYDEN: The minister has just walked in. It was lovely before he came in.

[Member's time extended.]

Mrs A.K. HAYDEN: The biggest thing they are asking for is —

Mr P. Papalia interjected.

Several members interjected.

Mrs A.K. HAYDEN: The reason the people in my electorate I spoke to this week are asking —

Mr P. Papalia: Name them.

Mrs A.K. HAYDEN: I just did! The minister was not listening. Is he simple, or what? I am not listening to him anymore.

Mr V.A. Catania interjected.

Mrs A.K. HAYDEN: Yes, in 2016 he proposed the TAB, but what is two years?

Mr V.A. Catania interjected.

Mrs A.K. HAYDEN: He has not. He has refused to meet with them.

This is an industry that is concerned about its future. As was highlighted to us during the committee hearings, any short-term gain from the sale of the TAB would not outweigh the long-term loss. The industry's concern is that long-term investment in infrastructure, such as country tracks, will not be sustainable in the long-term. The government's mandate is all about creating and finding jobs; I believe it was the member for Belmont who said that about 8 000 people are directly employed by the racing industry. There is also all the vets and feed suppliers. There are all these other —

Mr J.E. McGrath interjected.

Mrs A.K. HAYDEN: I know the member for South Perth can list them all!

The industry provides an ongoing chain of employment, yet the government —

Several members interjected.

The ACTING SPEAKER: Members!

Mrs A.K. HAYDEN: The government says that it is for jobs, yet in 2016 its fear was that the sale of the TAB would stop jobs. It was going to stop jobs, create misery and kill the industry, yet here it is: "Let's grow jobs, let's sell the TAB, let's create some misery and let's kill the industry!" In its own words, that is what the government is doing with this legislation.

As I said, my main issue with this legislation is that it demonstrates the true depth of this government and highlights its quality and standard. This legislation is a prime example. The government cannot be trusted; if it said something yesterday, it does not necessarily mean that it will stand by it today. When this government says it will not privatise, it privatises. When it says it will not introduce gambling, it introduces gambling. When it says it wants to create jobs, it, in its words, kills an industry that already has jobs. The members of this government are hypocrites. They cannot be trusted.

Dr A.D. Buti interjected.

Mrs A.K. HAYDEN: Not all of them! The member for Armadale is an exception. He knows I have a soft spot for him. He should be on the front bench.

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Mr P. Papalia: He will be voting for the sale of the TAB.

Mrs A.K. HAYDEN: What about tomorrow? We do not know what he will do. If we hold it over until tomorrow, members opposite might all change their minds. As I said, what they say today they do not mean tomorrow. The people of Western Australia know that they cannot trust them. With this legislation, they have broken their promises, as they did with the cost-of-living increases, privatisation, and many other projects they promised they would deliver, but have not delivered. Those projects are not in the forward estimates; they are nowhere to be seen. They are in a black hole in the future. The Western Australian community has seen through this government's untruths and rewriting of history. The people do not trust it. It just has to look at the results of 18 May to see that.

MR Z.R.F. KIRKUP (Dawesville) [10.31 pm]: I, too, rise to contribute to the second reading debate on the TAB (Disposal) Bill 2019 and Betting Control Amendment (Taxing) Bill 2019. At the outset, I will say that I support the sale of the TAB, which I think is a long overdue outcome. If we look at the rise of other betting agencies—online in particular—I do not think it makes any sense for the state to own it. An interesting proposition has been put to me by the member for North West Central and the Nationals WA—that is, for 100 per cent of the sale to go back into the industry. I think that makes a lot of sense. If the government were serious about supporting racing, I suspect that it would support it too. Looking at members opposite now, it is evident that they are not happy with the idea at all. The diversity of opinions on this issue is interesting. I respect the richness and variety of the views of members of the Liberal Party. The member for Darling Range is a fierce advocate for her community. Her opinion contrasts with that of the member for South Perth, who is also a fierce advocate. That is the beauty of the Liberal Party. It can be compared with the views of members opposite, who continue to get steamrolled by their party machine. We know that there are members opposite who do not want the TAB to be sold. In fact, there are members opposite who campaigned on the TAB not being sold.

Mr P. Papalia: Name one!

Mr Z.R.F. KIRKUP: The Minister for Racing and Gaming always says, “Name someone!” I will name the member for Belmont. On the Belmont community website she put together as part of the association that she used as a vehicle for her election —

Mr V.A. Catania: Have you got proof?

Mr Z.R.F. KIRKUP: I have it right here. Even though the website has been bleached, we have a copy. On 20 November 2014, the member for Belmont said that the privatisation of the TAB would kill off the local industry. She said that it would be significantly detrimental to local racing industries and pointed to the sale of the Victorian TAB in 1994 as being harmful to racing. That was 2014—a pretty good record.

Mr I.C. Blayney: The world's changed!

Mr Z.R.F. KIRKUP: The world has changed! I appreciate that the member for Belmont was not a member of Parliament at that time. In September 2014, when she was just the association president, she was quoted in the *Southern Gazette*. She condemned any privatisation of the TAB and said that it would do “serious damage to the racing industry in Western Australia, which is the second largest employer in the state.” Let us fast forward a couple of years to 2016. On 11 December 2016, her Facebook page—we still have it—stated —

Team Belmont hit the doors today to speak with residents of Ascot about the Liberal's plan to privatise the TAB. Privatisation will have a devastating impact on the racing industry in Belmont and WA more broadly. This election, vote for Cassie Rowe and Labor!

It appears to me that the member for Belmont was quite against the sale of the TAB over a number of years. In her contribution this evening, and when the announcement was first made, the member for Belmont was effusive in her praise of the government. To the best of my recollection, she said that she was honoured and proud of the decision of this government. It seems to me that she is betraying years of her own perspective on this. She is betraying herself, and betraying what she thought was her community's perspective. Her margin is 11.1 per cent and if the federal result is anything to go by, her margin will be reduced to one per cent, and that is before the people of Ascot and Belmont feel that she has betrayed them, after years of telling them that she would not support the privatisation of the TAB. Now she is happy, and stands in honour to promote the decision. I find that very interesting. I hope she does not go the same way as her endorsement of James Martin, Bill Shorten's candidate in Hasluck. She is one of the few people I have seen who authorised through her own office Labor Party material, but, putting that aside, I hope she goes the same way as James Martin when she endorsed him, and the next election in 461 days' time will see her flushed out of Belmont in favour of a candidate who stands up for what they believe in, like the members for Darling Range and South Perth. They stand on their merits and they fight for what they believe in. Diversity of opinion in the Liberal Party is absolutely encouraged. Contrast that with the droning of members opposite, who have been steamrolled by the government after years of drawing various lines in the sand, suggesting that they stood for one thing, only to backflip once they got into government. I appreciate that the

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member for Belmont has very little interest in going against her government, because she is no doubt very ambitious, and wants to find herself on the front bench one day, if that happens in the next 461 days. I suspect it may not, but if she does, she wants to be seen to be loyal to the government, and she shows more loyalty to the Labor Party than to her community. That will be to her detriment in 461 days' time.

Ms C.M. Rowe interjected.

Mr Z.R.F. KIRKUP: I am suggesting that the member for Belmont have the courage of her convictions against the sale of the TAB, as she had on display for a number of years, and saw her get elected. Now she comes into this place suggesting that she is in favour of it. I find it absolutely remarkable, and I think every single person in the state seat of Belmont should feel like they have been betrayed by her after a number of years and her perspective on this. I find that remarkable, but if we see the result in the federal election go her way in 461 days' time, her seat will be reduced to a 1.1 per cent margin.

Dr A.D. Buti: Why aren't you talking about the legislation?

Mr Z.R.F. KIRKUP: We are, member for Armadale. We are talking about government members who betray their own communities in favour of supporting the Labor Party's position on this. I find that absolutely abhorrent. I think that is detestable, and I think the people of Belmont will as well. The member for Darling Range has rightly pointed out the Premier's present perspective on this. He has changed position on this. Time and again the people of Western Australia have demonstrated, in the by-election that has occurred in Darling Range, and we have seen the results flow through into the federal election, that they believe the Labor Party and the state government is an absolute dud.

The people of Western Australia have been misled by this government and been told that it would not increase fees and charges, introduce new taxes or privatise state assets. What did it do? It increased fees and charges, it introduced new taxes and of course it wants to sell things such as the TAB. These are things it said it would never do, and members of the government who said they would never support this are now campaigning for it. It is amazing what happens between 2014, when the member for Belmont is seeking to be preselected for that seat and 2016, when she is seeking to be elected to that seat, only to flip onto the other side and find that those long-established opinions of hers that go to the core strength of what she believes in can be washed away. They can be gone when the Labor Party says that this is what they need to do. I feel for the member for Belmont, because she has let down her community, and I am certain it will condemn her when the time is right, at the next state election. We have seen there is a very willing and able intent in the state seat of Belmont, if we can go on the federal election results, to vote for the Liberal Party. The seat is shared between the electorates of Ken Wyatt and Steve Irons, and both members were returned with healthy margins. Indeed, Ken Wyatt was returned with a 3.6 per cent swing to him. It was a fantastic result for the Liberal Party. It shows an intent in the member for Belmont's seat of people to vote for the Liberal Party if it has the right candidate and the right team in place. Let me tell the member that the Liberal Party has the right team in place and no doubt we will find the right candidate for her seat.

Point of Order

Dr A.D. BUTI: My patience has been challenged by the member for Dawesville.

Several members interjected.

Dr A.D. BUTI: Just stay on the tarmac. We are talking about legislation to do with the TAB. All the member for Dawesville has spent 15 minutes on is the member for Belmont and the federal election. Nothing in his contribution has been about the legislation. Madam Acting Speaking, I ask you to bring him back to debating the bills before the house.

The ACTING SPEAKER (Ms S.E. Winton): Thank you, member for Armadale. That is not a point of order. I hope that the member for Dawesville will run out of puff and start talking about the legislation.

Debate Resumed

Mr Z.R.F. KIRKUP: You do know me very well, Acting Speaker.

The ACTING SPEAKER: You are very energetic for this time of night!

Mr Z.R.F. KIRKUP: I have to lift the energy of government members, who just seem to get rolled into submission. I have to lift their spirits and show them that there are leaders in the opposition. They can join us if they have the courage of their convictions. Stand up for what you believe in, member for Belmont, and join members like the member for Darling Range in standing up for what they believe in. I am surprised. It is disappointing. I am certain that we will see an interesting situation in Belmont when the next state election is called. We will remind the good people of Belmont and Ascot that the member called for funding for the kilns to be held onto and for a community farmers market to go in Belmont. We will remind them of what the member promised and what she has achieved on the sale of the TAB.

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Point of Order

Dr A.D. BUTI: Madam Acting Speaker, I refer you to standing order 94, which states —

- (1) A member's speech must be relevant to the question under discussion.

What does a farmers market or the member for Belmont have to do with the legislation before the house? I seriously ask you, Madam Acting Speaker, to consider what the member is saying. I also refer you to standing order 97, which states —

A member who persists in irrelevance or tedious repetition, either of the member's own arguments or of the arguments used by other members, may be directed by the Speaker to discontinue the speech.

I ask you to take that into consideration.

The ACTING SPEAKER (Ms S.E. Winton): It is not a point of order.

Dr A.D. BUTI: But it is.

The ACTING SPEAKER: Member for Dawesville, you have had a little bit of time to reflect. Could we move it along a little bit, please, to help us all out.

Debate Resumed

Mr Z.R.F. KIRKUP: Of course, Acting Speaker. I point out to the member for Armadale that what I was trying to establish is a trend of indicated behaviours when we come to the point of the —

The ACTING SPEAKER: Member for Dawesville, please, could you move along.

Mr Z.R.F. KIRKUP: If you let me continue, Acting Speaker, of course I will.

The ACTING SPEAKER: You are repeating yourself. Move on.

Mr Z.R.F. KIRKUP: Of course, Acting Speaker. What I am trying to suggest is that when it comes to —

The ACTING SPEAKER: I am trying to help you out here. Just move along.

Mr Z.R.F. KIRKUP: And you do that so well. I appreciate your guidance, as ever.

The ACTING SPEAKER: Then I would like you to listen to me and actually do it, mate.

Mr Z.R.F. KIRKUP: I am indeed. We are talking about the importance of the sale of the TAB proposed by the government.

The ACTING SPEAKER: Great. Let us hear some more on that.

Mr Z.R.F. KIRKUP: Fantastic. Thank you, Acting Speaker.

It is interesting to note when people's opinions go beyond that. That is an important part of our deliberations in the debate in this place and what might occur with the eventual vote on this legislation. Of course, I am just trying to point to a trend with the member for Belmont, who says one thing prior to being elected and does another thing after. She is not alone. She is like many of the drones opposite.

I have a passing interest in matters racing and gaming, in particular the TAB. Very good friends of mine have been involved in the racing industry for some time. The father of one of my very good friends from "Govo" was the general manager of the Western Australian Turf Club for a number of years. Racing and Wagering Western Australia has been a strong interest of their family for a long time. I had a lot to do with them when they used to live in Henley Brook. They now live in Muchea. We have a great longstanding history. The Murphys have a horse stud in Muchea. They are exceptional people. They care greatly about the future of the racing industry in Western Australia. Certainly, in conversations that I had as part of my consultations, they spoke about the importance of making sure that racing is viable in Western Australia. They believe that the sale of the TAB is an important part of that. The member for South Perth let me know that more than \$160 million will be returned to the industry this financial year, if that is right.

Mr J.E. McGrath: In 2020.

Mr Z.R.F. KIRKUP: In 2020 and, of course, for the next three years. It will be interesting to see what occurs beyond that point. A number of opposition members have spoken about Trackside. I am interested to see whether the Treasurer would be so inclined. He suggested through interjection that Trackside will not be allowed to be operated in any other facility aside from TAB outlets and it will not be able to be operated online. I urge the Treasurer, and I seek an explanation if he is so willing in his response, to discuss whether there is any way or

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capacity for the state government to legislate or regulate what occurs online. When we talk about Trackside and its prevalence, I would suggest that perhaps it can still be accessed online, via a phone, an application of some sort. The Treasurer interjected in what I believe was a response to a comment made by the member for South Perth and it is interesting that when we talk about regulating these types of devices and these gaming facilities such as Trackside, we have to all be cognisant of the fact, and I am certain we all are, that it is very difficult for us to regulate the online prevalence of gaming. Although Trackside in its copyright or intellectual property format, in terms of the screen, the TAB and a race every three minutes or something like that, will be done in that format that might be able to be operated only in those outlets, but I suspect a version of that can still be played online, in some way shape or form—some adulteration will be there. That is something that industry has been disruptive with and has to confront.

Mr J.E. McGrath: But they still have to place a bet.

Mr Z.R.F. KIRKUP: As the member for South Perth points out to me, they still have to place the bet.

Mr P. Papalia: That is why we introduced a point-of-consumption tax.

Mr Z.R.F. KIRKUP: I appreciate the interjection from the minister. If we are looking at an operator with an application that is registered overseas, the interaction is interesting, that is all. I am not suggesting that there is no intent on all sides to look at this issue, but it is something that is interesting for us when we talk about the disruption of gaming.

Mr P. Papalia: The racing industry is far better and no worse off as a consequence of the combination of the point of consumption—the most generous distribution in the country of point-of-consumption tax—combined with this sale proposal, They are far better off than what they were going to get when it was previously being discussed.

Mr Z.R.F. KIRKUP: I appreciate that the minister has had the interplay already. Certainly from our perspective, it is something that is worth looking at. A lot of my friends, for what it is worth, who are more regular gamblers, especially when it comes to racing, do not support the idea of Trackside. They do not think that it is something that they want to see a lot of. I am not sure whether that is because they are not familiar with it, or, as the member for Cottesloe pointed out, it is about making sure that destination gambling is reinforced in the Casino as it stands, rather than something that might occur in those suburban outlets. There is one standalone TAB in my district. I think the member for Mandurah has one in his as well and we probably have between us a number of PubTABs or something like that.

Mr J.E. McGrath: Cobblers Tavern.

Mr Z.R.F. KIRKUP: Cobblers Tavern, absolutely, and there is one near the member for Mandurah's office.

Mr J.E. McGrath: He is there regularly.

Mr Z.R.F. KIRKUP: I am not sure he is there that regularly.

Mr D.A. Templeman: They do not call me Lucky Dave for nothing!

Mr Z.R.F. KIRKUP: Do they ever call you Lucky Dave?

I appreciate the role that it plays in our community and I, too, am concerned about the rise and prevalence of gambling more generally speaking. I have to try to balance that with the people who I have spoken to in the industry, who want to see a viable industry going forward. They think, firstly, that the sale is an important part of that, even though they were told by some members opposite that they would never support it, and secondly, that we have something addressing the approach of something like Trackside. I am standing in support of the legislation, together with the member for South Perth and a number of others on this side. I note and appreciate the contribution made by the member for Darling Range and the member for Cottesloe, who raised a number of significant issues with the rise of consumption gambling, more generally speaking, and it is something that we need to deal with. But as I said at the start of my contribution, on this side of the house is that diversity of opinion that is embraced and encouraged in the Liberal Party. A number of times we have seen members opposite have their views squashed for a party line, and it is very disappointing from my perspective. There are strong independently minded members opposite; I spoke about the member for Belmont, who very clearly was reflecting a concern in her community, only to see that steamrolled by a greater party machine. That is disappointing. In the Liberal Party we foster that diversity. It is a shame to see that obliterated in the government benches.

MR I.C. BLAYNEY (Geraldton) [10.48 pm]: Thank you, Madam Acting Speaker. I am sure I will not need an extension, given the lateness of the hour. I also want to contribute to the debate on the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. In my opinion, the privatisation of the TAB represents one of the greatest acts of hypocrisy I have ever seen. This is one of the issues that was run against me very hard

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in the run-up to the 2017 election. To indicate how strong that campaign was, Hon Darren West, a member for Agricultural Region, tried to name a race at the Geraldton Cup the “Don’t Sell the TAB” stakes. However, the TAB refused to call the race that name, because it felt it was overtly political. I refer to an article in the *Geraldton Guardian*, which states —

Member for the Agricultural Region Darren West, who had suggested the controversial race name, said any sale of the TAB would have a negative impact on racing in regional Western Australia, especially in clubs like Geraldton and throughout the Mid West.

The article states also —

... Mr West said regardless of the sale’s value it would only be a matter of years before any sale would leave the racing industry worse off.

“The TAB provides \$93 million a year in funds to RWWA to put back into racing,” ...

“A \$93 million return represents a 46.5 per cent return on investment.

“There is no way that return will come from a privatised arrangement.

“I guarantee that funding will be reduced under a privatisation arrangement for regional clubs.”

I suspect that, probably for the first time, Hon Darren West was telling the truth. A private owner will seek to reduce costs and improve returns. In many ways, we will be handing the new owner a monopoly. What do people do when they have a monopoly? They ratchet up prices to the point at which they are making as much money as they possibly can. I do not believe in magic puddings. No-one should believe that the industry will be as well off after privatisation as it is now, when the new owner will drive for as high a return as possible and to reduce costs to as low as possible. The new owner will go through RWWA like a dose of salts and turn it into a small branch office of its operations in the eastern states. My guess is that 50 per cent to 70 per cent of the employees of RWWA will be gone. That is happening in the newspaper industry at the moment. People are being chopped out left, right and centre.

I declare that I am a member of the Geraldton Turf Club. I pay for signage at that club. I am a member of the punters club. I attend the annual general meeting when I can, and a number of race meetings throughout the year. During the run-up to the last election, I gave the executive and members a commitment that I would not support the privatisation of the TAB until I had seen the business case that shows that racing, and especially country racing, will be no worse off. I stand by that commitment. I do not expect to vote for this bill. So much for all the government’s talk about openness and accountability. I am also disappointed that a portion of the shares of the TAB will not be offered to the general public. As a principle, when public assets are sold off, the public should be offered a chance to buy some shares if it wants to. I see the TAB as a profitable entity. Frankly, I am surprised at how well it is going, in what is already a very competitive environment. A number of people probably expected that its profits would be dropping by now. I read in the paper this morning that the TAB’s profits have risen.

Mr P. Papalia: Your leader said that it made a \$5 million loss.

Mr I.C. BLAYNEY: The figure in today’s paper was \$180 million. As I said, people expected it to be out of business by now. Why is it that in Western Australia, we do not think we can manage things like the TAB on our own? We seem determined to turn as many things in this state as we can into branch offices.

Like a few other members, I am not very impressed by the proposal to introduce Trackside. I did a quick scan and found a few comments from other members about Trackside, which floated up during the scare campaign that was run against us at the last election. I refer to an article in *The West Australian* that states —

Premier Mark McGowan has been accused of hypocrisy after opening the door to electronic horseracing games in TABs despite railing against such products while in opposition.

...

However, Mr McGowan denounced the previous government’s flirtations with introducing simulated horse-racing when he was opposition leader.

...

“WA Labor will always oppose further introduction of pokies and similar gaming machines in Western Australia because of the financial misery they cause,” Mr McGowan said.

Another newspaper article reads —

A leading gambling researcher has condemned the state Government’s decision to allow simulated horseracing machines in TABs as a sweetener for selling the betting agency. Monash University professor Charles Livingstone warned that the machines, operating under the name Trackside in the eastern states,

Extract from Hansard

[ASSEMBLY — Tuesday, 11 June 2019]

p3912b-3953a

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

would accelerate gamblers' losses because virtual racing devices were set up to win. "It is a slippery slope to encouraging more gambling, more losses and increased likelihood that people will experience gambling harm," ...

"It extracts considerable sums from people and keeps gamblers gambling when they might be reflecting more carefully on what they're doing with their money."

In opposition two years ago, Labor leader Mark McGowan was critical of any gaming machine expansion in WA to lure a TAB buyer. Mr McGowan told Parliament this week that allowing restricted use of Trackside-style machines in TABs would bring extra income to betting agency operators in fees paid by the new owner.

"The money will come from the pockets of the punters and by and large the people frequenting TABs would probably have better uses for the money," ...

That is a quote from Professor Charles Livingstone. What he said is absolutely correct.

Finally, I refer to a story from ABC Rural that states that the sale of the TAB could mean more gambling machines for WA. The article quotes Ian Carter from Anglicare—other members have quoted the same gentleman—who said that expanding gambling in any way in WA would be a mistake. Ian Carter has run Anglicare for, I think, about 20 years. Of all the people in WA who have a broad view of the position of the less well off in the community, he is generally regarded as the one with the brightest knowledge of this area. The article reads —

"We already have enough stuff coming in from overseas in terms of gambling which is intruding already on what's going on," he said. "We need to hold where we are. We do not need any further expansion of gambling opportunities beyond what's already happening, which I think is too much."

...

"It's opening up a Pandora's Box of problems which we do not need to open."

...

Mr Carter urged the Government to heed the experience of South Australian Premier John Bannon, who allowed poker machines to be introduced in that state in the early 1990s.

"When interviewed when he left politics [Mr Bannon] was asked whether there was any regret from his time in politics, "Mr Carter said.

"He said, 'My greatest regret is bringing poker machines into South Australia'."

Government members will point out that the government is not bringing poker machines to Western Australia, but I see this as the thin end of the wedge. We have pulled out the first wedge from the wheel and it will start rolling down the hill and gather more and more of these types of things. We already have a problem with the GST because the federal government assumes that we have poker machines and, as a result, \$300 million is taken off us each year. This is like putting the first hole in the dam wall and such things. It is just wrong. It is the thin edge of the wedge.

Quite a few Australian Labor Party members would be wondering—I refer to those within the broader community, not just in Parliament—why their party had such a disappointing result in the last federal election. Graham Richardson, of course, a very well-known numbers man and thinker in the ALP, was often quoted as saying, "It's whatever it takes. If you want to win, you do everything you can to win." Unfortunately, sometimes what governments do to win, such as running campaigns against me in my seat because I supposedly support the privatisation of the TAB, drift into the realm of disposable commitments, backflips and utter cynicism. Unfortunately, the utter cynicism infects the community, and after a while it does not believe anything that politicians say about any issue. I am really disappointed that this issue has been reduced to, "If you don't support the privatisation of the TAB, you obviously don't support a new King Edward Memorial Hospital." I have a connection with King Edward Memorial Hospital. My twins were born there; it is a wonderful institution. They were taken there by the Royal Flying Doctor Service, which is another wonderful institution. I do not think that funding for either of those wonderful institutions should rely on the sale of this asset or any other asset. Replacement of King Edward Memorial Hospital for Women is well overdue; that is accepted in the community. It was the next major hospital that our government was going to rebuild, were we to be elected. But the replacement of King Edward Memorial Hospital should not be dependent on the sale of the TAB.

MS M.J. DAVIES (Central Wheatbelt — Leader of the Nationals WA) [11.00 pm]: I sat there very patiently all night and I just about missed my opportunity, Mr Speaker. It is not for want of interest in this very important legislation—the TAB (Disposal) Bill 2019 and the Betting Control Amendment (Taxing) Bill 2019. It is late and there is not a great deal more to add about the issues that have been canvassed in relation to these bills. My colleagues the members for Warren–Blackwood and North West Central have already spoken about this bill and

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have indicated that our party supports the sale of the TAB. However, we have also indicated that we will pursue an amendment to increase the amount that would go into an infrastructure fund to secure the future of the industry. There is one chance to get this right for industry: while the minds of this Parliament are focused on it. Once the sale goes through, we do not have another opportunity to make sure that we get it right. We need to set up all our clubs and all the industry for the best and healthiest possible future. The industry is incredibly important. Other members have reflected on the importance of the racing industry, particularly for us as a regional party.

I will declare my interest in the industry. I am a member of the Northam Race Club committee. I am also on the committee. I am a patron of Toodyay Race Club's spring races every year. It is a fantastic day out.

Mr J.E. McGrath: Best day of the year.

Ms M.J. DAVIES: It is a cracker of a day. It is a beautiful little —

Mr D.A. Templeman: How long have you been on the committee?

Ms M.J. DAVIES: On the Northam one, not long. I made the mistake of doing what good members do and turned up and got myself a job.

Mr D.A. Templeman: Are you secretary?

Ms M.J. DAVIES: No. I am on the committee for only this year, but I have been a member of the Northam Race Club for some time. I also have a long history with the York Race Club. I forget the date, but members who are involved in the industry will remember that when the big storms went through the wheatbelt—I am thinking it was about 2010—York was completely smashed. It had a devastating impact on personal property and the race club, which is the oldest race club in the state. It has some significant history, it is the oldest inland settlement in the —

Mr J.E. McGrath: Oldest country racetrack in Australia.

Ms M.J. DAVIES: That is right.

The SPEAKER: Member for South Perth, I would prefer to hear the Leader of the National Party.

Ms M.J. DAVIES: I will defer to the member for South Perth. There are many more years of racing expertise in the member for South Perth than there is in me.

The York Race Club is in my electorate, and we worked very closely with it to secure funding to make sure that the club, after the loss of significant infrastructure from that storm, could continue to operate, and it does. They all have their points of difference—Toodyay, Northam and York. If we are talking about thoroughbreds, of course, we have pacing in Northam and Kellerberrin, and we have dogs in Northam as well. The racing industry has a significant impact in my electorate and in the neighbouring electorate. From a regional perspective, everyone will tell us that there is an enormous flow-on effect when we have a big race day in town, and that is a pretty important for the whole regional economy, from our perspective. There is also a number of hay suppliers in the Avon Valley. They are intrinsically linked to the feed side of the sector. We have many breeders and trainers in pacing, dogs and thoroughbreds that are based in and around the region.

Racing is close to my heart, and I not only enjoy it from the point of view of being a local member of Parliament and understanding how important it is to my electorate. I also own—I could not even tell you—a fifth of a toenail of a racehorse, which is —

Mr D.A. Templeman: What's its name?

Ms M.J. DAVIES: Salorsci.

Mr D.A. Templeman interjected.

Ms M.J. DAVIES: I cannot tell the member that. The person to talk to about that is a member for the South West Region, Hon Colin Holt; he can tell the Leader of the House where the name came from. I have been a member of a syndicate for a number of years with a number of members and others around the traps. This is probably the first one we have had any success with.

Mr D.A. Templeman interjected.

The SPEAKER: Leader of the House, are you training to become a journalist?

Ms M.J. DAVIES: He is having a little rest at the moment, but watch out, he is coming back. He will come back with vigour and passion and we will be back on track.

I am sure every member has been to the races at some point in time, whether at Ascot or any of the other race clubs around the state. It is a great day out. But country racing is very special. We look forward to it very much;

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

it is a big day on our calendar. I will declare my interest. We obviously have a strong interest in making sure that that continues.

As other members have pointed out, there has been a little rewriting of history today about what happened when we were in government and how the industry responded to the proposal that the TAB be considered for sale. I listened with interest to the member for Belmont, who was not in this place when this issue was debated when we were in government. I think she missed just a small element of what was happening alongside our discussions in government around the proposal to sell the TAB; that is, the scaremongering of those sitting opposite, which had a significant impact on the way in which the industry responded to the original proposal. I have reams and reams of quotes. I know other members have read out some of the comments and quotes. A number of speakers noted the position that members opposite took. It happened not only in this place. Members opposite took every opportunity to raise fear and generate angst in the community, so that we could not have a sensible conversation about the proposal and some of the complexities that we, as a government, were trying to work through.

As the current Treasurer and the Minister for Racing and Gaming of the Labor government have no doubt found, it is a complex area to deal with. I would not for one moment profess to be an expert on the machinations that sit behind the way that money is utilised and races are formulated, and how we attract those. I have expressed an interest and a commitment to the industry, but I am still learning in that space. What I do know is that even when we first started talking about this, we understood that the TAB was going to find it very difficult to compete in an international online environment that was becoming more competitive. We were left with a smaller and less nimble organisation to deal with that, and it was going to have a long-term impact on its ability to compete in that space.

Another thing I have heard a lot of members talk about is that there has been a shift in the way that people are betting. There is a preference towards betting on sports these days, particularly online. In terms of that product of people betting at the racetrack, I can tell members that if they go out to Northam racetrack for the thoroughbreds on a Thursday, there are not many people there. It is not about actually turning up to the race club. However, the big marquee days bring in the people. They bank on those days bringing the money to the TAB and across the bars to generate ongoing income. We need to be cognisant of that fact.

I think all our members are very understanding. In the circles in which we have talked about this, there were initial concerns. Member for the South West Region Hon Colin Holt, who was the Minister for Racing and Gaming after Hon Tuck Waldron, did a number of consultations with industry. It would be unfair to let some of the comments go that there was not significant consultation, but it was done in a climate of fear and scaremongering—let me be very clear about that. I note that the member for Geraldton mentioned Hon Darren West. Some members held onto that fear and scaremongering, even after the Labor government was elected. There was a tweet from Hon Darren West —

Mr P.A. Katsambanis: What a pity he doesn't tweet anymore.

Ms M.J. DAVIES: He is not allowed to tweet anymore! There was a tweet on 4 February 2018, so this was after Labor came to government. Hon Darren West tweeted —

... small country club a that will benefit most from keeping the WA TAB in taxpayers hands.

I have reams and reams of quotes by the member for Collie–Preston, but it would be unfair to start reading them because he is not here to respond. He was vehemently against the sale. He took every opportunity to point out when the Nationals missed the opportunity to differentiate or step away from their partners in government at the time and that we did not back the industry and that we were not prepared to stand up for it. There were motions, questions and media statements about this matter from many members opposite saying they did not support the sale of the TAB.

Mr P. Papalia interjected.

The SPEAKER: Minister!

Ms M.J. DAVIES: It is right that everyone on this side makes the point that there is a degree of hypocrisy here of a government willing to do and say anything to get itself elected, and that changed its position once it got to the other side of the house. Although we support the industry and the sale the TAB, the Nats' position has been consistent since 2014. We have consistently said that we would not support the sale of the TAB unless it was in the interests of the industry and there was a preserved benefit for the industry. We have motions from our state conference to that effect. There are public statements from all of our members and our ministers when we were in government. We went about trying to have the discussion with the industry amongst the scaremongering from members opposite in relation to the proposal, and it made it very, very difficult to have that discussion in a sensible

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

way. As a consequence, we saw some of those concerns play out. I think the delays have put us and the industry in a far worse position than it would have been had we been allowed to proceed without some of the scaremongering opposite.

Mr P. Papalia: No-one was stopping you.

Ms M.J. DAVIES: That is not true. The minister knows better because he is the minister and he knows how things operate. I am not accepting that.

Mr P. Papalia interjected.

The SPEAKER: Minister!

Ms M.J. DAVIES: This was an issue that the Labor Party used politically and now it wants to whitewash that from the conversation. I do not think any opposition, particularly the Labor Party if it were sitting on this side, would let that happen. I think it is right that members have made that point. Having said that, our point is that we get one chance at selling a state asset. Members will recall that the position of the Nationals WA when we were going through assets to put forward for privatisation in the previous Liberal–National government was that we would look at each of them on their merits. In the case of the sale of the TAB, we had got the industry to a point at which we believed it supported the sale.

There is a significant infrastructure backlog that sits in our clubs across the state. Hon Colin Holt has been asking numerous questions in his place about this of the minister trying to ascertain what the backlog figure is. We have gleaned that it cannot be less than \$100 million, because that is what is on the table from the government, but from our calculations and discussions with the industry more broadly, it could be anything up to \$300 million. I am happy to be proven wrong or for the minister or Treasurer to clarify what the infrastructure backlog is, but industry tells us that it is more than the funding being proposed to be made available through the infrastructure sale. We get one go; we get one chance. There is a very good opportunity for us to use the proceeds of the sale of the TAB to reinvest into the industry to make sure it is sustainable going forward. I do not think that is a very difficult argument to understand from a community or industry perspective.

We have asked the Minister for Health and the Premier to clarify the government’s position in relation to the supposed linking of the building of the new hospital to the sale of the TAB. The new hospital is a very admirable proposal that we support, but it should not be linked to the sale of the TAB. The sale of the TAB should be about making sure that that the racing industry is put in the best position to go forward for success and sustainability. There is no argument that the state needs a hospital to replace the King Edward Memorial Hospital. It is where I was born. It is probably where many people started their families. More recently, my sister had her two children there. I understand just how much it needs to be replaced, but it should not be linked to the sale of the TAB. We do not agree with that. In budget estimates the Minister for Health was quite clear that the government was going to proceed with building the hospital regardless and it would not be put on the proposed sale of the TAB should it fall over.

There are some hurdles that we need to get over, not just in this Parliament, from my understanding, relating to industry support to ensure that the government can proceed with the sale of the TAB in the fullness of time.

Our proposition is that 100 per cent of those proceeds go into that infrastructure fund, not 35 per cent. We do not think that is enough. Although industry may be saying that 35 per cent is fine, if the government went back to industry and said, “We’ve got some more for you, and that means that we do this properly and you won’t have to come back” —

Mr P. Papalia interjected.

Ms M.J. DAVIES: I disagree with the minister, and that is why we moved the motion. We will be saying that to the industry. I am pretty sure that he has not had that conversation.

Mr V.A. Catania interjected.

The SPEAKER: Member for North West Central, you have your leader on her feet.

Ms M.J. DAVIES: It is a valid interjection. I do not think they have ever been offered 100 per cent of the proceeds. I think they have been offered 35 per cent. If I recall, the Treasurer was asked during estimates who made the decision around 35 per cent. I believe—this is from memory; I am happy to clarify it—that the Treasurer said that was the government’s call.

Mr B.S. Wyatt: That’s not quite right, but I will deal with that in my response.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

Ms M.J. DAVIES: Thank you. The Nats' position is clear. We have had a consistent position on this since 2014, saying that it should always be dealt with in the best interests of the industry. We understand the broader impact of the competitive pressures that are coming and we need to make sure that the industry can compete effectively. I think that argument with the industry has been won. We are now talking about how we ensure that we set it up for the future with infrastructure and do not leave it short-changed. With that, I look forward to the response from the Treasurer, and we look forward to consideration in detail.

MR B.S. WYATT (Victoria Park — Treasurer) [11.16 pm] — in reply: I thank all members for their contributions to the second reading debate, in particular, the shadow Treasurer, the member for South Perth and the member for Warren–Blackwood, who made particularly good contributions. The hour is late and I suspect no-one is watching, so I will be as honest as I possibly can with everyone. I will go through the issues—I have taken lots of notes—that have been raised tonight. I will take members through the reasons the government has changed its position. That is quite correct. I will be perfectly open with everyone. The Leader of the Nationals WA is quite correct and I implore all members to hear me out. This is really the chance to resolve this in the interests of the industry. I want to make it quite clear that I cannot tolerate any changes to the legislation because that is against the agreement I have with industry that has taken 18 months to develop. I will take members through the reasons. I am not being obtuse. I am happy to have the conversation. I want to take members through everything.

A lot of members have significant experience in the racing industry. I suspect that in this place, the member for South Perth is the person with the most experience. There has been a two-stage process. I want to thank the member for South Perth for his advice on this legislation, particularly on the point-of-consumption tax, which is a big change for the industry. It is a good change. I had a particular interest in that, to be honest. The large multinationals have been cannibalising the TAB through our mobile phones—absolutely. There is a reason the TAB cannot compete. As the Leader of the Nationals pointed out, gambling preferences have switched to sport. The fact is that people can gamble on anything.

Member for Dawesville, the point I was making was that we cannot regulate trackside-style betting on people's phones but through the TAB. He made a key point. Whatever we do in its place, it will still undermine the TAB. We want to think about what we are proposing here versus the status quo. The status quo for the industry sees it shrinking. Who are we talking about front and centre? I think somebody said that 8 000 people are directly employed in this sector. We have low-skilled people employed in the industry who I want to ensure are able to maintain that employment. There is a spectrum, and I want to ensure that we have that opportunity.

I am not going to beat up on everyone; as I said, it is late at night, and I want to have a conversation and try to convince members to support this. I get members' frustration, but I think the reason the previous government did not proceed was the old political reality of disunity being death. The Liberal and National Parties did not have a clear position. I am not critiquing the previous government. I watched from that side and was only marginally involved in the debate, but from my perspective the previous government did not have a clear position. The person who was appointed by Hon Colin Holt to chair the racing industry group, Michael Grant, made the point time and again that the previous government could not land on a position and create the certainty that he could then consult with. I think that is the reality.

There were a range of things; we opposed so much in opposition. The previous government did not care; it shoved everything through both houses of Parliament, including three land tax increases. We opposed them all, but the then government shoved them through Parliament. Let us be honest: opposing legislation in opposition, when we did not have the numbers, did not stop the previous government from doing a lot of things. The problem it had with industry engagement was —

Mr R.S. Love interjected.

Mr B.S. WYATT: I have explained why we have changed our position, and I am accepting that. I get that members opposite are cranky about that, but I want to explain why. I am throwing myself at the feet of members opposite! I am going to explain why.

I think that was the fundamental problem: industry did not know what the position was. If I were to summarise it, the debate that really raged between 2014 and 2016 was, in my view, that an uninformed industry opposed the sale. It opposed the sale probably because no-one really knew what it meant and because there had not been clarity around the infrastructure fund et cetera. We had a very clear position, and the opposition is right: we ran very anti-privatisation rhetoric during the election campaign, but one thing that we said time and again—I also said it time and again—was that, because so much had happened over three years, if industry were to support the sale of the TAB, we would allow it to happen. Again, I will be honest with members: my interest has been in the point-of-consumption tax, because there was economic value coming out of the state to multinationals that were not paying their fair share, and they needed to. On the next point, in respect of the principal bill—I will be honest—

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

I probably pushed the patience of some of my colleagues in getting this into Parliament. But I firmly believe that we have now landed on the position, after a long period—at least 18 months' thorough consultation with industry—of 35 per cent.

I will read a letter to members in a minute that we got from the industry committees. That was not our figure. We started with a figure that the member for South Perth talked about—\$100 million. That was what former Premier Colin Barnett talked about. As the member pointed out earlier, that was about 20 per cent of the sale price. The member for Warren–Blackwood and, I think, the Leader of the Opposition made similar points; a few people made this point. The tragedy was that the previous government could not resolve that position. If it had sold the thing five years ago, it would have got a lot more; I agree with that. But the reality is that we did not, and here we are. The amount of \$100 million became the figure because that was the figure that the previous government had already discussed with industry. That went into our analysis.

I want to put on the record the letter we received, sent to Minister Papalia. 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 Racing and Wagering Western Australia (RWWA) in the work undertaken to date.

We concur that independent analysis has highlighted that if structured correctly —

That is where that process led to the 35 per cent, government and industry —

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

Whilst early into the process —

This was 7 May 2018 —

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

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

It is signed by Gary Gliddon, the chairman of the Greyhound Racing Committee, Bob Fowler, the chairman of the Harness Racing Committee, and Bob Pearson, the chairman of the Thoroughbred Racing Committee, under the auspices of Racing and Wagering Western Australia.

An enormous amount of work went into this. I think it is fair to say that during the election campaign, most of my colleagues did not see this as high on the agenda, but they have been convinced that it is in the interests of the industry. I think the member for Dawesville was somewhat unfair to the member for Belmont. The member for Belmont took some convincing, but she has been convinced. She has been an advocate for her industry. The member for Dawesville was unfair. I heard Colin Barnett say for 30 years of his life that Western Power should be sold, and then change his mind. People get convinced to change policy positions. This one has been more apparent because of technology. I think most members opposite accept that the status quo will wipe out the TAB. It will continue to eat it up. That is why we have a point-of-consumption tax. That is why we saw the article in today's *The West Australian*. We now have a bigger pool that we can provide to the industry. It can also be used for infrastructure. It will be up to the process—for Racing and Wagering Western Australia, or Racing Western Australia, and industry bodies to work out how they will use that money. Under the legislation, it is not proposed that that will change. That will only come into consideration three years after any act, and a review process will consider that. That is something that industry asked for and I think it is sensible to do it. It will enable a consideration of funding and the status of the industry—how it has gone, to be honest. That is something that industry will not get if this bill does not pass—that is, the certainty of that three-year period that we will require of any operator. That certainty will provide time for them to adjust to the new regime. I think that is a pretty good thing to provide over that time. It has done well

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now, but the reserves are only so deep and eventually they will be eaten into and will be gone. That is why the time is now. If this does not make it through Parliament now, this legislation will not be revisited again for at least another couple of years. I know that the industry will be in a worse position than it is in now and will be very unhappy that this Parliament has been unable to resolve the issue.

I want to take members opposite through a few things, because I am keen to convince them. I am not entirely sure what the position is. I think there is support for the sale, but I am not certain whether the amendments are condition precedent. Hopefully, we can work through that during the consideration in detail stage. This bill is the agreed position with industry, and I think that 35 per cent strikes the right balance. There are upside risks and there are downside risks for the industry. If we get a lot more, the fund will get a lot more. If we get less—for example, if the Leader of the Opposition's proposed amendment were passed requiring the operator to use any revenue from Trackside to go into a fund for government—we would get significantly less and, to be honest, probably would not pull off the sale. I am hoping that it was the emotion of the debate. The Leader of the Opposition's proposal will require the taxpayer to pick up the burden of funding gambling-problem services from the operator. The operator should pay for that. I do not think the taxpayer should pay for that.

Dr D.J. Honey interjected.

Mr B.S. WYATT: That is right. I hope the Leader of the Opposition can reconsider.

Dr D.J. Honey: How can the government consider the retrospective application of gambling-problem services when it will bring in something that will make more people addicted. This is like saying that we will not worry about flu injections and that we will just treat people in hospital.

Mr B.S. WYATT: I listened closely to the member for Cottesloe. He clearly has a problem with gambling—full stop. Unless we want to bring on legislation to ban gambling, which will just drive it underground, ultimately his position is at the extreme. I will correct the member. He said that this measure would make Trackside available in all pubs and clubs in Western Australia. That is not correct. It will be available only through TAB agents.

Dr D.J. Honey: Which are in a lot of pubs and clubs.

Mr B.S. WYATT: We will have to agree to disagree. It is not a pokie, and I will go through that in detail, I suspect, in consideration in detail.

Dr D.J. Honey interjected.

Mr B.S. WYATT: I am saying to the member that we will have to agree to disagree. One group was not mentioned during the debate, except by the member for South Perth. Very important stakeholders in this are the TAB agents, but no-one mentioned them, except for the member for South Perth, and I found that interesting. These are the small business people who are at the pointy end of what technology is doing to the TAB. We have come up with a fairly good package to try to put TAB agents in a better position, and to give them an opportunity to compete. The member for Cottesloe wants that right to be held only by Crown. To its credit, Crown is happy to have its state agreement amended. I think it is reasonable to allow those small businesses the opportunity to compete against this avalanche of online gambling opportunities. That is why we want to provide that Trackside opportunity. If the member thinks for a minute that that is going to change the gambling profile with the swamp of online gambling, he needs to get out of Cottesloe more! We have improved the offer.

Dr D.J. Honey: You did not consult WACOSS.

Mr B.S. WYATT: We have met with the Western Australian Council of Social Service, and the member should have as well. I noted that and wrote it down. What about WACOSS, and what about the churches? Perhaps the member should have met with them. I want to respond to the critique he made today that it was unfair that the briefing was given to him today. That was in response to a request from the opposition. If the member is going to make a critique, he should do his research. He is the only person I have been aggravated by in the contributions tonight, because his was so poorly researched and fundamentally wrong.

Dr D.J. Honey interjected.

The SPEAKER: Member for Cottesloe, I do not care. I call you to order for the first time.

Mr B.S. WYATT: My office, the minister's office and the Premier's office have met with and worked very closely with the TAB agents and their representative body. We have improved the offer to them, bearing in mind that under the Barnett government, the right they had to sell was removed. They had no position, and they had almost no rights. We made an original offer, but we have improved that. We have improved the current operator buyout period from three to five years, and from 50 per cent of the previous year's commission to 60 per cent. It is still capped at \$100 000, but we have increased that buyout clause. This was in direct response to the agents. In the

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

12 months following the sale, agents earning less than \$2 800 in commissions per week—the smaller ones—can self-nominate for a buyout, paid for by the operator. The payout will be 100 per cent of the previous year's commission, with no cap. That is to look after the smaller operators whose financial position, even if we give them Trackside, will not be much different. We are giving them a chance to get out with something in their back pocket. What else are we giving the agents? This is the point about simulated racing—to give them an opportunity that is not available to their online competitors. I think that is not a bad outcome for them. Whether it will make a big difference, I do not know. I do not gamble on these things, so I do not know. Some TAB agents are happy with that and some are ambivalent, to be honest, but that is something that was available only to Crown, which we have taken and provided to those small businesses. I do not think that is a bad outcome.

The TAB network will continue, obviously, to be the exclusive provider of retail betting. It provides agents with a way out—a five-year period in which they at least have the certainty of seeing whether Trackside works for them without the operator making any adverse decisions.

In respect of the regions, some country race meets have been struggling—some members made this point tonight—and they have been struggling for quite a few years. There is a range of reasons for that and the member for South Perth went through some of them—declining numbers of horses and declining numbers of volunteers and people willing to be on committees. I think somebody—it might have been the Leader of the Nationals WA—talked about the cost to get a horse now. All these things have an impact on the viability of country racing. That is why there are such significant changes around country race meets. Obviously, as I pointed out in response to the member for South Perth, to get the licence, the provider will have to have an agreement with the racing industry. The licence is dependent upon that. The infrastructure fund, of course, will be distributed as per current processes so that country racing can also benefit from it.

In terms of the total infrastructure backlog, I think the Leader of the Nationals WA posed the question: is it \$100 million or is it \$300 million? The reality is that we do not know. Any wish list will come at you. What I am saying is that the \$100 million will not be there to be spent on it all; it will be there to generate revenue to be spent over time. That is the point of the infrastructure fund. The point-of-consumption revenue can also be utilised to do that. That is why it is creating a better opportunity for that infrastructure backlog, which will not be dealt with in one year. It will be dealt with over time on a priority basis, as is currently done. We are not proposing to change that at all.

As the Minister for Health pointed out—he was quoted at great length today—about the replacement of King Edward Memorial Hospital for Women, the reality is that health ministers have said the same thing for the last 20 years: it is a priority to replace it. But it has not been done for 20 years. Although this work is not dependent on the sale, it will bring forward that work. Twelve per cent of babies born at King Eddy's are born to parents from regional WA. I want to ensure that those families do not have to endure another three or four years before they can move in. Let us bring that work forward with the money we get from the sale of the TAB. I think that is a good thing. Although it has been said by consecutive governments, the hospital is still standing there, un-replaced and unbudgeted for. That is the reality. This gives us a chance to set the time frame and bring forward that work. I think it has been well fleshed out.

I think somebody posed the question—it might have been the member for North West Central—where did the idea of Trackside come from? It actually came from the former government. It had been floating around. The member for South Perth made that point, and I will quote Hon Colin Holt on that. On 28 June 2016, he is reported to have said —

“I think what we're saying here is any potential buyer, who may be operating in other states and have that ability, might want to come to Government with a proposal that does that,” ...

That is, bring in and operate gaming machines —

“And when that proposal comes we need to consider whatever they're proposing in terms of what the outcomes are for us as a community.

Hon Colin Holt, the then minister, went on to make this point about getting the agreement of Crown Perth —

“I am sure at the moment they see themselves as the holder of those licences —

That is Crown —

and would be pretty keen to retain them,” ...

He said that even without such a proposal, the TAB would still be an attractive proposition. This is something that did not come from us. It was part of a conversation between the former government, Minister Holt and the industry. It was something that was already in play and something that we continued with. As I said, I think it provides the TAB agents in particular with an opportunity.

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Quite fairly, some people raised the issues around problem gambling. My office met with a range of social advocates. This is the point I was making before to the member for South Perth. Currently, the Problem Gambling Support Services Committee provides support for persons affected by gambling-related harm. The committee was established with the support of the Gaming and Wagering Commission. Membership consists of representatives from the Gaming and Wagering Commission, the Department of Communities, Racing and Wagering Western Australia, Crown Perth, Lotterywest and the WA Bookmakers Association, which provide annual contributions. Currently, they distribute the money to Medibank Health Solutions, which provides a 24/7 problem gambling helpline; Centrecare to provide face-to-face counselling through its gambling help WA counselling service; and Gambling Help Online to provide 24/7 online assistance through live chat or email counselling. Currently, all three service providers do not have any waiting periods for people to access the service; they have sufficient capacity. The amendment that the Leader of the Opposition is proposing will simply put the taxpayer on the hook to fund these things, as opposed to the operator. That is not clear when we read the legislation, so I make that point to hopefully convince the opposition to not vote against the legislation on the back of failure to get that amendment through. I think quite rightly the operator should be on the hook for funding problem gambling services.

Simulated racing has again been well ventilated, but I will put it on the record as I have the time. Betting on simulated racing does not involve a gaming machine; it involves the same steps as betting on a normal race. That is incredible. I have learnt a lot about horse racing in the last couple of years—more than I thought I would ever know. Even with simulated racing, there is a form guide. The person gambling picks up their form guide and has a look through it and there it is: Watto's Delight, paying this odd et cetera and away they go. They fill out a betting slip, as they would with any other race, put the betting slip through the terminal and watch the race. The member for Cannington made the point that in the TAB, people can bet on racing around the globe. People can bet on races in Hong Kong. Being a dog fan, he could bet on a dog from the United Kingdom. People can bet on anything when they go to the TAB.

Mr J.E. McGrath: Korea!

Mr B.S. WYATT: Or Korea. Or, as the member for Dawesville knows, what people with a smart phone can bet on is almost limitless. The idea that expanding Trackside out of Crown will somehow have some dramatic impact is simply wrong.

In respect of the fund, we do not agree with the opposition—100 per cent should not go to industry. Industry has not requested it at any point. The member for South Perth is quite correct. Through countless meetings with industry, at no point did it ask for 100 per cent; in fact, it specifically accepted and made the point that the people of Western Australia need a return as well, because the asset is owned by Western Australians. That is why there will be 35 per cent with Trackside, for use by the operator, and we are not putting it on taxpayers to fund problem gambling services. We will find out in due course, and I will report back to Parliament, if we get that far, what the bids are and what the price is and then generate an infrastructure fund large enough to deal with the issues that industry has raised. Again, that is a number that has been around since Colin Barnett was the Premier. I think most reasonable people accept that the broader taxpayer should get a return as well. We have said that that will go toward the replacement of King Edward Memorial Hospital for Women, and that is a good outcome. As I said, the hospital itself is not dependent upon that, but the timing is. That will bring forward the work on that hospital and get it happening. For 20 years, the Minister for Health has said that it has to be done and it has to be replaced, but it has not happened. We want to make it happen and this money will allow us to ensure that that happens. We do not agree with the National Party's position on 100 per cent going to the industry.

I make this point. I know that there will be a vote on this in due course when we go through consideration in detail. I say to both the Liberal Party and the National Party that the government cannot accept changes to the bill in this place. If changes are successful in the upper house, I suspect that that will be the end of the bill and that this issue will not be considered again by this place until after the next election, regardless of the outcome. That will be in another two or three years. It is important that we as a Parliament resolve this issue in this window that is open to us. I listen to the frustration of members opposite that we on this side of the house have changed our position on this debate. I accept that. The reason is that the industry has changed. The industry has changed its position and now supports the sale. That is because it recognises that, on the current model, it cannot compete with the large multinationals. It wants to be able to do that. Is it certain that the industry will thrive? Nothing is certain. However, this will provide a much better opportunity for the industry to thrive than the status quo.

Mr V.A. Catania: I think everyone agrees that the status quo cannot remain. The argument that we are putting forward is that there should be a 100 per cent guarantee for the industry in the future.

Mr B.S. WYATT: We do not agree. If we were to put that to the industry —

Mr P. Papalia interjected.

Mr Dean Nalder; Mr Vincent Catania; Mr Terry Redman; Dr David Honey; Ms Janine Freeman; Dr Mike Nahan; Mr John McGrath; Ms Cassandra Rowe; Mrs Alyssa Hayden; Mr Zak Kirkup; Mr Ian Blayney; Ms Mia Davies; Mr Ben Wyatt

The SPEAKER: Order, members! We cannot have three people debating at the same time.

Mr B.S. WYATT: The reality is that the 35 per cent was arrived at through consultation that went back to the Barnett years.

Mr P. Papalia: Actually, it was 20 per cent.

Mr B.S. WYATT: It was 20 per cent. I suspect that is because if it had been sold five or six years ago, the value would have been more than we are likely to get now. What we are selling the TAB for now is likely to be more than we will get in three years, regardless of who is moving to sell the asset. That 100 per cent is not going to happen, because it is not what has been agreed with the industry. It is also not what the industry wants from government, because the industry also wants a broader return to the taxpayers of Western Australia. The industry has been very sophisticated in its conversations with the government. That has been very good. That is why we are in a position in which there is generally broad agreement.

Mr P. Papalia: The point-of-consumption tax had a lot to do with that.

Mr B.S. WYATT: The point-of-consumption tax was crucial. That is the other point I want to make. The other reason that the government has changed its position is that the point-of-consumption tax become a reality. Five or six years ago, a point-of-consumption tax did not exist as a revenue source for the industry. However, the industry has fundamentally changed because of the speed at which online gambling has come upon us. The shadow Treasurer made the point perfectly that it is just like what Uber did to the taxi industry. What had been a regulated and steady industry has fundamentally changed. That is what has happened here. However, although we did not do it first—other states moved to do it first—the introduction of a point-of-consumption tax created a revenue source that made the industry more comfortable about the sale process. Everything in this bill has been agreed over nearly two years with the industry. I am not going to accept a change to that. If changes are made in the upper house, it will take another three years.

I agree with the member for South Perth that if there is a concern about problem gambling—I think it is a legitimate concern—a specific amendment could be included in the review period to look at the incidence of problem gambling. I would be relaxed if the review is not just about funding and governance—which I suspect will be the big part of the review—but also problem gambling. I am sure the government would be happy to consider that. However, although not everyone is in favour of this bill, I think the majority of people in this room accept that the TAB should be sold. I think that most members opposite, when they take themselves away from the politics of it, would accept that we have arrived at a pretty good package. It is a good package for not only the three codes, but also the groups within them—the trainers, jockeys and the TAB agents. The TAB agents wanted more, member for South Perth. It got to the point at which any more would have reduced the value and therefore the fund for the broader industry. At every point in this package, there is a very fine balance and I think, incredibly, we are there with every part of industry. It will never be unanimous, but I think we are there. A vast majority of people in the industry want this bill to proceed as it is through Parliament. This is it. If it is amended in the upper house, it will not come back on for debate in this place until after the next election, and whoever wins the next election can deal with it. But the industry will be in a much worse position than it is now and the TAB will be much less valuable than it is now. In his contribution, the member for Warren-Blackwood made the point very eloquently that five years ago, we would have got a lot more than we are getting now. The speed of disruption is dramatic and it is a shame that the former government did not move and do it. It does not matter that we did not support it. The government had the numbers in the Parliament. It should have just moved on it, similar to how it moved on with everything else that we opposed. That is the reality. To be honest—again, it is late at night and there is no value in making a political point—there was no clear government position at the time and that is what caused the delays and frustration, and made it so difficult, I suspect. But, ultimately, members opposite were in cabinet then; I was not. I hope at the very least I have explained the government's position. I am not being obtuse. This is the position that we have arrived at with the industry. I want to deliver on the industry-preferred package. I am happy to provide as much information as I can during consideration in detail, but this is it. This is the package and it will not be coming back on for debate in this house if it is amended in the upper house.

I thank all members. It has been a good debate. It has been a fairly emotional debate for some members, because the issue has been around for a long time and people recognise that by and large this is our chance to get it right. We should sell the TAB and allow the industry to move on. Hopefully, the next time Parliament is worrying about this, it is in response to the review three years after the passage of the legislation.

Question put and passed.

Bill (TAB (Disposal) Bill 2019) read a second time.

Leave denied to proceed forthwith to third reading.

Extract from *Hansard*

[ASSEMBLY — Tuesday, 11 June 2019]

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