

**TAB — PRIVATISATION**

*Motion*

Resumed from 23 August on the following motion moved by Hon Colin Holt —

That this house calls on the McGowan government to immediately test the market for the sale of the Western Australian TAB and, if favourable to the industry, proceed with the sale and ensure all proceeds of the sale are returned to the racing industry.

**HON COLIN HOLT (South West)** [1.04 pm]: I will not cover too much of the ground that I covered the last time I spoke on this motion. I said that in my opinion the leaders of the Western Australian racing industry have been asking the government to test the market for the sale of the Western Australian TAB. I spoke about the Western Australian Racing Representative Group, the membership of which includes people like Fred Kersley. Very early after the formation of that group, one of its key activities was to work with a guy called Roy Gunston, who came from Victoria. Just before that time, he had been involved with the Tatts Group and had worked on the sale of the South Australian TAB. He came here to work with that group and to look at what the sale of the TAB would potentially mean for the industry. He produced a very good report known as the Gunston report. I found it very interesting that when I consulted with the industry and asked people who came to those sessions—sometimes we had 100 or 150 people in a room talking about the potential sale of the TAB—whether they had read the Gunston report, the pick-up by the industry was very low, which is a shame because it is a fantastic report. It was probably the best position statement on the industry at that time.

That report was significant because it worked on figures that could be assumed only from reading some of the reports of Racing and Wagering Western Australia and the WA TAB. As members in this place know, I have asked a number of questions about the performance of the Western Australian TAB. The answer I continually get is that it is commercial-in-confidence. I absolutely appreciate that stance of the WA TAB. I want the WA TAB to be as competitive as possible and I understand that it wants to protect its commerciality. I thank the Minister for Regional Development for tabling the notice under section 82 of the Financial Management Act 2006 yesterday. It may have been a few days late but we got there in the end. I understand that the WA TAB wants to protect its confidentiality, but how can the industry make a decision about its asset, the Western Australian TAB, if it does not know how the Western Australian TAB is performing? That is one of the points I have been making. The industry has not had exposure to how the Western Australian TAB is operating and how its returns to the industry are tracking. It has to make assumptions about the distributions to the industry based on what RWWA tells it. That distribution is made up of many different funding sources so there is never a very clear picture about how the WA TAB is going. The Gunston report was the best possible guess at that time. It is interesting to read it now because it is as though the guy who wrote it had a crystal ball—he was a bit like Nostradamus. He outlines some of the risks, things that are going to happen in the future and the pitfalls for the industry.

WARRG also did an industry needs analysis report—again, something that had been really pushed for—to find out exactly what would be needed in a privatised model. It produced a report. I suspect that it is very confidential and that very few in the industry have seen it. Again, it does not really know how the Western Australia TAB is performing. It is clear that the racing industry leadership wants to test the market. It wants to find out whether an alternative model would deliver a better outcome than the WA TAB, even though we are not really sure what the WA TAB is delivering. I want to quote a WARRG letter that leaves no doubt about what this representative industry group is talking about. It states —

WARRG is not a pro-privatisation body however we are steadfast in our resolve to achieving the best outcome for racing. After full consideration of all the issues over the past three years, WARRG believes a properly constructed, industry focused sale process represents the best outcome. This decision was arrived on the basis of evaluating the difficulties that are being faced by RWWA in operating as a stand-alone wagering operator with a single wagering licence whose focus is limited to Western Australia.

It is pretty clear what that group is saying—we think the industry is at risk; can we please test the market?

Not long ago—probably five to 10 years ago—the WA TAB was the third biggest wagering operator in Australia, behind the two big operators Tabcorp and Tatts. That is not the case anymore. Now the WA TAB is about sixth and represents somewhere between five and seven per cent of the wagering market and falls behind the corporate bookmakers operating out of the Northern Territory, such as Sportsbet and William Hill.

I have talked about a point-of-consumption tax and I will come back to it, but I now make the following point.

An article in *The Australian* not that long ago highlighted the fact that the digital platform for wagering has gone out of control. It states —

**Extract from *Hansard***

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Matt Ryan, analyst at UBS, said the investment bank had estimated that the digital wagering channel in Australia grew turnover by 23 per cent in the first half of 2017.

The digital market grew 23 per cent in the first half of 2017. The article continues —

That figure saw digital, for the first time, account for more than two thirds of wagering turnover.

That is a massive increase in the digital market, which is the specific market that is competing with the WA TAB. I asked how the WA TAB digital section was going but the government would not give me the information because it was commercial-in-confidence, which is fair enough. But I wonder whether it is growing at 23 per cent like the rest of the market. From an independent analyst, that is a massive risk. Another article in *The Australian* about Tabcorp states —

“... the relentless rise of corporate bookmakers, who have out competed Tabcorp and Tatts. Tabcorp and Tatts have lost market share year after year,” ...

These are the two biggest operators in Australia. They say that they are losing market share year after year. The biggest question is: how is our WA TAB competing in that environment?

I want to talk quickly about point-of-consumption tax. The corporate bookmakers in the Northern Territory talk about it as a punters tax—an extra tax on punters—but it is not; it is a bookies tax. It tries to capture and return to Western Australia some of the benefit from punters in Western Australia who use Northern Territory bookmakers. If the point-of-consumption tax is introduced in every other jurisdiction other than Western Australia, our WA TAB will have to pay a bookies tax to other jurisdictions, which means more funds will flow away from the Western Australian industry. First and foremost, we have to be in step with those other jurisdictions and introduce a point-of-consumption tax. The second part of that equation is that all the proceeds of the point-of-consumption tax need to go back to the racing industry because it will be losing money, not the state government. The state government will collect that point-of-consumption tax but it has to go back to the industry to compensate it. South Australia has introduced the tax and it has been operating for over a year but it does not give it back to the industry. Its Treasury collects it and keeps it in its coffers so the industry is worse off. We cannot allow our industry to be imperilled by the point-of-consumption tax either. Alarm bells about the performance of the Western Australian TAB are ringing.

I want to make some points about why I believe the WA TAB is an industry asset. In my opinion, if the government is going to sell the TAB, it all needs to be returned to the industry. It is the industry’s asset, which it has built up over many years since it first came into being back in 2003. I want to read from *Hansard* some comments made by people in that and subsequent debates to point out that the WA TAB was clearly set up to benefit and fund the racing industry. It really is the industry’s asset so if any sales process goes ahead after testing the market to see what it can deliver and the industry agrees, those funds should be returned to the industry to set it up for the future.

In the *Hansard* of the second reading debate, Matt Birney states —

... the TAB was set up in 1961 as a joint venture between the trotting industry in Western Australia and the thoroughbred racing industry. Both the trotting and the racing clubs contributed some £2 500 towards setting up the TAB, and that TAB continued to operate until about 1974 or 1975, when the greyhounds also became part of the distribution network. However, the Totalisator Agency Board was initially set up as an equal partnership between the Western Australian Trotting Association and the Western Australian Turf Club.

It was set up initially by industry to fund the industry. I would say that from that point onwards the only investment in the Western Australian TAB has come from the industry players themselves. Very few, if any, government funds have gone into that asset. Government funds have helped the racing industry; some infrastructure funding has come through but I cannot see anywhere that the government has invested into the WA TAB as an industry asset.

A bit later in the second reading debate from 2013—that was a reference back to 1961—Eric Ripper talked about the introduction of the Racing and Wagering Western Australia Bill 2003. He states —

Effective from 1 August 2005, clause 106 of the Bill provides that net wagering profits are to be distributed at the discretion of RWWA. RWWA is required to use its best endeavours to ensure that the amount paid or credited to any racing club in any year is not less than the revenue, after taxes and expenses are deducted, generated from wagering conducted by RWWA on races conducted by that club.

Clearly, at that point in time in that second reading speech, the profits from the Western Australian TAB would go back to the race club. At that point the Western Australian TAB was seen as an industry asset and all the profits went back to the industry.

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The second reading speech on the Betting and Racing Legislation Amendment Bill 2006 was delivered by Hon Mark McGowan, who was the Minister for Racing and Gaming at the time. During that speech, the then minister recognised the need for government support for the racing industry to grow. He stated —

This bill further demonstrates the government's strong commitment to ensuring the viability of the Western Australian racing industry, which is powering ahead under the government's initiatives.

In his reply to the second reading debate he stated —

The evidence is that the growth is in our industry. We want the returns to go back to the industry in Western Australia, which employs many people in country towns. We have more than 60 tracks in Western Australia. There are five or six in the metropolitan area, and the rest are situated in country Western Australia. They have all been beneficiaries over the past few years, and we want that to continue. We do not want to upset that arrangement. I believe that this legislation will work and that it will be effective. This legislation is groundbreaking and will provide what all the players in the industry want. We have an obligation as a Parliament to do the right thing by all those who are involved in the industry. I go to the tracks and meet the people who work in this industry. I want them to continue to have a livelihood. I want the young blokes who are jockeys and stablehands to continue to earn a living from this industry. It is a way of life.

...

We must preserve that livelihood and that way of life.

It is pretty clear that the then minister in that debate recognised that the WA TAB and the industry were important and that the TAB wanted to support the industry. I am looking forward to a response from the government to see where its plans have come to in meeting the industry's needs and where it sits on the issue of testing the market for the WA TAB. It should give a clear signal to the industry, which is asking the government to address its needs.

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment)** [1.19 pm]: It is my pleasure to speak to this motion on behalf of the government this afternoon. The government is treating this bill as a Treasury bill. Therefore, as I represent the Treasurer in this place, I will provide the response. Obviously, the TAB fits within the portfolio of the Minister for Racing and Gaming. However, if we are planning to sell it, the Treasurer will do it.

I remind members in this place that the previous government dragged its heels on this issue over a number of years.

Hon Colin Holt would know full well that the previous government dragged its heels on this issue. Members may be aware that the previous government announced the potential privatisation of the Western Australian TAB, but it did not progress the issue. The 2014–15 budget speech refers to —

The Government's continuing ownership of the Perth Market Authority, the TAB and the Water Corporation's assets, such as its wastewater treatment plants, will also be reviewed.

The 2015–16 budget speech reads —

In line with our announcement at last year's Budget, we will continue to pursue the sale of the TAB, but will do so in consultation with the racing industry

Mixed messages were received from the previous government on the issue, and Hon Colin Holt has spoken out on both sides of the coin at various times. Initially, in May 2014, it was reported that the government had hit a stumbling block, because Hon Colin Holt had indicated that he was reluctant to support the plans at the time. An ABC News online article states —

Nationals MP Colin Holt said it strikes him as a dangerous idea and he will need serious convincing to vote in favour of it.

"It underwrites a complete industry that's incredibly important to regional Western Australia,"

**Hon Colin Holt:** I thought they were sensible comments.

**Hon STEPHEN DAWSON:** Absolutely; they are sensible comments.

The article continues —

"If we're going to commercialise the TAB then in my mind we're going to put the industry in regional WA at risk."

That was the member's view at the time. Since then, he has obviously changed his mind. In February 2016, at which stage the member was the Minister for Racing and Gaming, he was again quoted in *The Sydney Morning Herald*, which was probably published on the WAtoday website as well. The article is headed "WA fires starting gun on \$1b TAB sell-off", and states —

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Australia's last state-owned betting agency will be officially put up for sale by the West Australian government within weeks, in a potential \$1 billion-plus deal.

...

The WA government will issue a request for proposal to major players in the industry in the coming weeks after Racing and Gaming Minister Colin Holt decided the state was not a natural owner of the TAB, and said it was time to test the market's appetite for the assets, which include 320 retail outlets.

The member is quoted in the article as saying —

“From my viewpoint, it's time to test the market now,” Mr Holt told Fairfax Media in an exclusive interview. “I'm responsible to the industry and I've reached the conclusion we need to look at the potential privatisation of the TAB to see what opportunities it presents for the industry itself.”

Initially Hon Colin Holt said that he was against the sale of the TAB, but he changed his tune as a minister. That is all right. Obviously, as the minister, he lived and breathed the portfolio for a while, but it was not long enough. I think it was unfortunate that the member did not last in the ministry for as long as he should have. It was perhaps the member's choice. I appreciate the role he played as minister, and I was happy to work with him.

Hon Colin Holt was not the only member of the then government who was against the sale of the TAB. The then member for Murray–Wellington, Murray Cowper, was also quoted in the media speaking against the sale. In May 2016—Hon Colin Holt's comments in the media were from February that year—ABC news online reported —

The West Australian Government and racing industry appear to be on a collision course over the proposed sale of the TAB, with growing speculation the industry is set to withdraw its support for the move.

The article goes on to refer to the then member for Murray–Wellington. Another media article states —

Liberal Party backbencher Murray Cowper is the latest government member to criticise the decision to sell the WA TAB.

...

Mr Cowper joins fellow backbencher Glenys Godfrey in criticising Barnett government plans to sell the home grown wagering operator.

In criticising the proposed sale, Mr Cowper predicts that if the TAB is sold there will be “devastating consequences for the racing, training, and breeding industries in the state, particularly in country areas”.

I will digress for a second to mention a great publication that many members would have received in the mail over the past few weeks from Racing and Wagering Western Australia. It is a government briefing pack containing some very good information, particularly for regional members of Parliament, referring to the impact the racing industry has on our electorates. It includes economic and social impact studies that give a regional snapshot of the Kimberley, Pilbara, midwest, goldfields–Esperance and Gascoyne regions. The publication reminds us of the significant role racing and wagering plays in regional Western Australia and the economic contribution it makes to the state. There are a significant number of participants in racing and it generates full-time employment in this state. In the Kimberley, for example, there are 443 participants in racing, and one in every 65 people in the region has an involvement in racing as either an employee, volunteer or participant. Hundreds of people are involved in the other regions. There are 980 participants in the midwest, 1 643 in the goldfields–Esperance region and 249 in the Gascoyne region. Across the state, thousands of people's livelihoods depend on racing and wagering. The potential sale of the TAB could have a significant impact on and implications for a large number of people.

**Hon Colin Holt:** Are you going to outline the potential impacts?

**Hon STEPHEN DAWSON:** I might do. The member had his chance to speak; it is my go now.

The information pack also refers to the fact that in 2015–16 the Western Australian racing industry will be funded to the tune of \$178 million. Of that amount, \$136 million came from distributions, \$40 million from grants, \$3 million from club subsidies and \$25 million from racing and integrity services. They are significant amounts of money. It is significant that more than 33 000 people are directly involved in Western Australian racing and that the industry provides full-time jobs for 6 700 people. If we are going to mess with this industry, it warrants proper consideration of the issue.

I mentioned briefly that then Liberal backbencher Murray Cowper was against the sale of the TAB, as was the former member for Belmont Glenys Godfrey. The then Premier did not help himself and was very happy to fight with the industry. He had a number of public disputes with the racing industry about how a sale process should or could be conducted. The racing industry made it clear that it wanted the state government to make a clear decision on the future of the TAB, because at that stage there had been 18 months of uncertainty. The industry had been

mired in uncertainty for a number of years. The sale was promised in 2014–15 and again in 2015–16. We were told again that it was going to happen, but the Premier fought with the industry. To Hon Colin Holt's credit, he outlined in his contribution to this debate what the racing industry has been asking for over the last while. The industry wants a coherent position from government on what it is going to do. To its credit, the racing industry took its time and made an effort to develop a position on how a sale of the TAB may proceed. Hon Colin Holt talked about the Western Australian Racing Representative Group, which has publicly outlined a position on the sale, and did so before the recent election. In summary, the group's position is that it does not want the industry to be any worse off under a sale of the TAB. The WARRG document does not propose that all proceeds should go to the racing industry; it focuses solely on the privatisation proceeds. Focusing solely on the privatisation proceeds is simplistic as a range of issues need to be considered with the privatisation, such as the ongoing funding of the racing industry. What happens in the future if we sell the TAB now? How do we ensure that those 33 600 people who are currently employed in the industry continue with their employment? How do we guarantee that? The group also had questions about the governance of racing codes. There were some questions about the review of taxation arrangements, including the consideration of a point-of-consumption tax, which I understand is also being looked at by the Council on Federal Financial Relations. Federally, Treasury ministers and the like are looking at this stuff and will continue to look at it. The group also wanted the nature of the relationship between the private operator, the state and the racing industry properly investigated or spelt out. It wanted consideration of any risks and ongoing obligations on the state and the racing industry. This government believes that due process needs to be followed. We should not just go out and test the market without knowing what deal is being put on the table. It is beholden on the state government to do a proper analysis to determine whether a framework can be developed that meets the objectives of all parties. The previous government could not get past that internal squabbling between the Liberal Party and the National Party to achieve this. The Liberal Party was against it first of all, then it changed its tune and the coalition partners or whatever it used to be called —

**Hon Donna Faragher:** The alliance.

**Hon STEPHEN DAWSON:** Yes, when the Liberal Party changed its mind, the alliance voted against it. A decision could not be made and this left the industry in a great deal of limbo. We want to consider whether privatisation is in the interests of the industry. We want to consider issues such as the government's post-privatisation role in the regulation and oversight of racing in Western Australia. We also want to consider the potential impact on the state's finances, including state wagering tax revenue, and we also want to consider the community's views about gambling and what role the state should play in its regulation. We are keen to achieve a balance of all these issues and stakeholder interests, and we are also keen to avoid the confusion that existed under the previous government. We need to carefully develop a framework on the potential privatisation of the TAB and we will also go through in detail the key issues with the stakeholders, including the racing industry. This work was not done properly by the previous government—the member has a different view from me—hence, it never acted upon it, and that is why we are in limbo today. We are keen to make sure that the work is done, and when that work is done, we will decide whether it will be worthwhile to conduct a formal market process for the privatisation of the TAB in this state. The Minister for Racing and Gaming made a brief ministerial statement this week outlining the McGowan government's approach to end the uncertainty and to conduct a proper analysis to determine the best way forward for not only the state but also the local racing industry with respect to the future of the TAB in this state.

The decision to remove the state government from competing in the wagering market is more than a financial consideration. In fact, if we were designing the government from the ground up again today, we probably would not go anywhere near the wagering system. That would not be one of the things that we would do.

**Hon Alannah MacTiernan:** They were trying to stop SP bookies when they did that.

**Hon STEPHEN DAWSON:** I am not suggesting that it was a bad decision when it was made. I am simply saying that if we were going to design government from the ground up again, we probably would not include a government-owned gambling business, if I can put it that way, particularly one that competes in the market with private sector operators.

**Hon Alannah MacTiernan:** They weren't very nice private sector operators in those days; they ran the sly grog and the SP bookies.

**Hon STEPHEN DAWSON:** It was before my time, minister.

**Hon Donna Faragher:** Careful what you say.

**Hon STEPHEN DAWSON:** Indeed, but we would not have a government-owned wagering industry. That being said, the government really appreciates the role that the Western Australian TAB has played and continues to play in ensuring the sustainability of the local racing industry in Western Australia. We also appreciate the need to

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ensure that any reforms in this space add to the objective of the state having a vibrant and sustainable racing industry. As I said, the livelihoods of 33 600 people in this state depend on this issue.

As has been said previously, the McGowan Labor government is committed to consultation with the racing industry prior to making a decision on whether to proceed with the sale. We will proceed with the sale only if it can be demonstrated to be in the best interests of the racing industry and the state overall. Unfortunately, I will not support the member's motion this afternoon. However, we will continue to do the work that we are doing and members should watch this space.

**HON TJORN SIBMA (North Metropolitan)** [1.35 pm]: I thank the honourable member for bringing on this timely motion. In principle, there is a lot to recommend about it. I would also like to thank the minister for his contribution. I did not think that I would channel the spirit of my esteemed colleague Hon Dr Steve Thomas, but it seems that commonsense has broken out in this chamber and the debate has been of high quality. As a new member, it is wonderful to have this as a formative experience.

**The PRESIDENT:** Let us keep it that way, member.

**Hon TJORN SIBMA:** I will, very much so. I do, however, think —

**Hon Alannah MacTiernan** interjected.

**Hon TJORN SIBMA:** Now, now, member! We have some sensible economic business to discuss.

However, my thoughts differ from that of the honourable member. Two issues are at stake here and there are two questions. As the minister outlined, one is the suitability of government involvement in the wagering business: should we stay in that business or should we get out? The second issue is: what level of support does the racing industry in Western Australia require, particularly the regional racing industry? There is a tool to assess these two questions. I draw members' attention to the seminal work of business academic Professor Michael Porter from Harvard University who, in 1979, devised a schema called the five forces analysis. Five different metrics are applied to an industry to assess whether it is an attractive industry in which to remain. It involves the supplier's bargaining power, the threat of substitute products, the customer's bargaining power, the threat of new market entrants, and internal rivalry within the industry concerned. It is a very productive, strategic tool to use. It is easy to apply but also easy to misapply, particularly when the industry within which a business is operating cannot be properly defined.

I want to talk about these two issues. First of all, should the government remain involved in the gambling business? It was a decision taken in a different time and place, and, as Hon Alannah MacTiernan has advised, it dealt with the particularly scurrilous behaviour among SP bookmakers some time ago. However, is it a relevant industry to remain involved in now? The answer to that is probably: no. Furthermore, there is really no strong moral compulsion for a government to run a gambling enterprise that competes with new private sector operations. I concede that the racing industry for some years has been uncertain about its future as this issue has been discussed. However, the longer we prevaricate on this matter, and this applies to other assets in this state, the more likely it is that the asset value of the TAB will diminish. We are therefore compelled to make a rigorous decision, but to make it as quickly as possible. In preparing some remarks on the way to deal with this motion this afternoon, I was alerted to a brief ministerial statement around these matters provided by the minister in the other place. I thought that, as it was the day before the budget, there might be something of real interest or import in that statement. With due respect to the minister in the other place, it is very much just a holding statement. There is no commitment to sell the TAB. When I look at the budget tomorrow, I do not expect to see proceeds from an asset sale included therein. I think the government has had six months to do a bit more work on that.

On the issue of what support the racing industry in Western Australia requires, I think other members have outlined the economic value that that industry provides. I have received the same information from Racing and Wagering Western Australia and acknowledge that the industry is worth about \$820 million per annum and creates at least 7 000 direct jobs. There is a range of intangible benefits from having a healthy, productive racing industry in this state, notwithstanding the sense of community and vibrancy it provides to the local community. But, again, it is an industry facing pressures unrelated to the TAB, and it needs to make some serious decisions about its own future viability.

The motion is an interesting one and it refers to the allocation of future sale proceeds. Although it is undeniable that the industry is justified in expecting some measure of ongoing support, to hypothecate that all proceeds will be tipped back into the industry presents some practical problems and philosophical challenges. The first of these is hypothecating unknown revenues to a dedicated purpose for which no substantive information has been provided to guide investment. That is problematic. That is like writing a blank cheque. I am not aware of any business case to provide the suitable reinvestment of those funds, although I would be prepared to have my knowledge of that

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fact improved. On equity grounds, I think it is also problematic. The racing industry does not own the TAB. The state government of Western Australia owns the TAB and manages it on behalf of the taxpayers of Western Australia. On equity grounds, it is hard to support the notion that one industry should benefit solely from the sale of a commonly held asset. That is not a sensible proposition in my view. However, the sale and the allocation of funds should be driven by some commercial realities.

I am encouraged a little bit by what Hon Stephen Dawson had to say—I will take him at his word because he is an honourable member—when he said that the government is committed to dealing with this in a rational, professional and measured manner. That might provide some options for the government to consider. Very broadly, I will articulate three potential sale options. One might be a full trade sale of the TAB, whereby the purchaser would be required to make contributions to the industry through a full distribution agreement entered into at the time of the sale. A second option might be to create a joint venture between the purchaser and RWWA, whereby the industry could continue to access funding through ongoing fees and share in the profits from the TAB sale. A third option might be just a full trade sale of the TAB, with government taking on direct, full or partial responsibility for industry through ongoing appropriations. In determining the best sale model, a few other commercial considerations will need to be made, one of which is the impact of the sale model on the actual sale price. The sustainability of the industry might be predicated on accepting a lower asset price for the sale, and that is something that the government will have to consider.

**Hon Colin Holt:** I can almost guarantee it.

**Hon TJORN SIBMA:** Indeed.

We must return to first principles and I think that some commonsense has broken out. The notion of the TAB remaining in government hands, irrespective of which government that is, in the future does not seem to find favour in this chamber. I therefore think that, after six months of government, we could have made a little more progress on this matter. Although I welcome the minister's statement in the other place, I note there is still no time frame for making these determinations. Far be it from me to give a new government some gratuitous advice, particularly as I am a new member, but it will be guided by the commercial skill set of its public sector employees and I hope it will equip those agencies with the skills to provide appropriate advice to it for not only the benefit of the government and the taxpayers of this state, but also the future of the racing industry.

**HON SAMANTHA ROWE (East Metropolitan — Parliamentary Secretary)** [1.46 pm]: I am very pleased to rise this afternoon to make a rather brief contribution to the motion put forward by Hon Colin Holt. I want to place on the record some of my thoughts about the racing industry. I think it has been interesting to hear the contributions so far. If I have heard correctly, I think everyone is probably in violent agreement that the racing industry in WA is very important and plays an important role for not only my electorate of the East Metropolitan Region, which has two racetracks at Belmont and Ascot, but also the whole state. Races take place in Broome, the Kimberley, Bunbury, Pinjarra and Kalgoorlie and at many other racetracks across the state. We have heard that the racing industry is important because it employs just over 33 000 people. That is a lot of jobs. There are owners, breeders, trainers, jockeys, stablehands and strappers in this area, so a wide cross-section of the community relies on a strong and successful racing industry in this state. I think it is good that everyone in the chamber acknowledges how important the industry is to WA.

I am pleased also that we have a new Minister for Racing and Gaming, Hon Paul Papalia, who is 100 per cent committed to this industry. I am pleased that he is already consulting with the different stakeholders. As we have heard from previous speakers, he made a media statement earlier today about what he is doing through consultation and working closely with RWWA on this issue. We on this side of the house appreciate that the racing industry is important to WA. It is important to a lot of people through employment. We want to make sure that we have proper due diligence and proper consultation with all the stakeholders involved before we make any firm decisions. That is just commonsense. It is just good business practice to have those strategies in place. I am really pleased that that will take place. Given that the minister is a strong supporter of the racing industry, particularly in my electorate, and has always been great in engaging with the different stakeholders, he will have genuine consultation with the industry. I will be interested to see what comes out of that, because we want to make sure that the industry is supported going forward. It has been on the decline for some time. It is hard to get new owners in WA and it is hard to get new jockeys to come up through the system. I was at the Apprentice Jockey Awards night recently and it was great to see the young people who are coming up through the profession, but each year there are fewer and fewer of them.

We want to make sure that we have a strong, vibrant racing industry in Western Australia, for a number of reasons. It is a very strong employer for the state, but it is also a great tourist opportunity for Western Australia. States such as Victoria and New South Wales have very strong racing carnivals. I would like to see Western Australia compete at that level one day. Obviously, that will take some time. I do not pretend to have all the answers for this industry.

**Extract from Hansard**

[COUNCIL — Wednesday, 6 September 2017]

p3358d-3373a

Hon Colin Holt; Hon Stephen Dawson; Hon Tjorn Sibma; Hon Samantha Rowe; Hon Colin Tincknell; Hon Robin Chapple; Hon Pierre Yang; Hon Dr Steve Thomas

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I know there are some complex areas that Hon Colin Holt would have been well across when he was minister in this portfolio, but I would love to see Western Australia competing on a national and international level, tapping into some of the Asian markets, so that racing becomes a tourist attraction. People would come to Perth for a range of reasons, but one of those reasons would be that we have a really great and strong racing carnival in this state.

Many people have already mentioned what the sale of the TAB will mean, and the idea of privatisation. Should government be in this space? I think the government has a responsibility to ensure strong employment for a lot of people, and we have to recognise that, at the moment, the TAB plays a role in employment in this state. It is important to make sure that, whatever happens, the racing industry will be protected—that it will not be worse off as a result of the sale. That is an important consideration, and I look forward to what happens throughout the consultation process. The Premier has said that we will not do anything until we have held consultations with all the stakeholders, to secure a really strong outcome for the industry. I am pleased to hear that from the minister today.

**HON COLIN TINCKNELL (South West)** [1.52 pm]: I commend Hon Colin Holt for this motion. It was great to hear the other contributions. The important thing here is that the sale of the TAB is a very complex matter, involving a range of stakeholders, primarily the racing industry. One of the problems I face here is that everyone seems to be in agreement that the TAB or gambling should not be run by the government. That may be true, but the facts are that the TAB and the racing industry are at this stage under government control. However, people are speaking against the motion. I understand why people have concerns.

The great thing about this motion is that it brings this debate into this house and gives us a chance to get more information. I want to discuss a few of the concerns I have about the potential sale of the TAB. Firstly, what will be the funding model? Will the WA racing industry be any worse off as a result of the sale; and, if not, what guarantees will be put in place to make sure commitments to the industry from the sale do not change? Secondly, who will be the purchaser? Will it be an Australian company or a foreign buyer? We are not very fond of money leaving the country, and it is not very good for Western Australia, so we would support only an Australian company. It is fine selling certain assets if they are envisaged to be unviable in the future, but not replacing that asset with another asset means there will be no future revenue. Has the loss of revenue to the state been considered? In the long term, 33 000 people will need us to get this decision right. We understand that 55 clubs are involved. With the TAB model on the platform, and the money that flows through to Racing and Wagering Western Australia, many different groups will be affected by this.

Racing is a part of the culture in regional areas. The only thing that brings people to Marble Bar at any time during the year is not the fact that the temperature exceeds 36 degrees on 300 days of the year, but the Marble Bar Cup.

**Hon Sue Ellery:** They also like to look at the Marble Bar itself.

**Hon COLIN TINCKNELL:** Yes, it is a beautiful tavern.

**Hon Sue Ellery:** Not the bar, the rock!

**Hon COLIN TINCKNELL:** Yes, the rock is nice.

**Hon Alannah MacTiernan:** It is jasper.

**Hon COLIN TINCKNELL:** It is jasper; it is not marble, as it was unclearly identified before, and it is a great little swimming spot.

There are only 50 to 100 people in that town for 364 days of the year, but on Marble Bar Cup day, there are at least 1 500, and sometimes up to 3 000 people there. It is the livelihood of that town; it puts that town on the map for so many people. That is a familiar story right around the countryside. Looking at the motion the honourable member has moved, I want to support that industry and make sure it survives and does well into the future. It is very good for the state and for regional towns. The problem is, Sportsbet, Tabcorp, Crown and William Hill are now placing pressure on the TAB, so it is very hard to see how the future will be for the TAB. One of the most important things for us now is to get all the information. As I mentioned right at the start of the discussion, it is a complex situation with many stakeholders. If the TAB were to be sold, we would want all the proceeds to go back to the industry. How can that be guaranteed? There are many issues and concerns.

*Amendment to Motion*

**Hon COLIN TINCKNELL:** I move —

That the following paragraph be added to the motion —

That this issue be referred to the Standing Committee on Public Administration for inquiry and report by no later than 12 months from the date of referral.



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The purpose of this amendment is to hopefully answer some of the questions that the minister spoke about, to enable us to make a more informed decision in the future about the sale of the TAB.

**HON COLIN HOLT (South West)** [1.59 pm]: I want to speak to this amendment. A couple of things come to my mind. I will reflect quickly on the contribution made by Hon Stephen Dawson in the government's response, and the fact that there has been some uncertainty for the industry over the past two years. He pointed to some of the comments I have made in the past, from being cautious about supporting this measure to saying that I think it is time to test it. I take full responsibility for my role in that time frame. Would I have liked to have got to the point at which the industry could make a much more informed decision about the best thing to do with the Western Australian TAB? Absolutely, I would have. I was as frustrated as the industry on not being able to garner support from the government of the time to test it fully.

I take full responsibility for that. The important part of the minister's contribution was that the government wants to remove uncertainty for the industry going forward. We took two years, as pointed out. I see this amendment dragging it out for another 12 months. I am not sure how that will ever help the industry within the Western Australian TAB market, which is a completely dynamic and uncontrollable market from its point of view. I cannot support this amendment. I am not sure that the honourable member who has moved the amendment had any consultation with the industry generally or leaders in the industry before moving it. It would be interesting to know who he spoke to and what they said. I think I have outlined a fairly robust argument from my perspective as the previous minister and spokesperson for the Nationals in my consultation with the industry on this and what the leadership has been saying to me. I cannot support the amendment to the motion to refer it to a committee for 12 months. If the chamber decides to support this amendment, I see the racing industry paddling along for another 12 months with no certainty.

I brought a standard motion to Parliament to put some pressure on the government and to say that this is an important industry, as everyone recognises. We cannot let it just wander along; it is time to put some serious work into it. As I said, I take full responsibility for the role I played in the previous government. I am not in government now; I am using my capacity in this Parliament to put this back on the agenda, and I think I have successfully done that. We managed to get a ministerial statement from the minister today—a holding pattern ministerial statement, that I am not sure shows any way forward for the industry. I cannot support the amendment. Let us allow the minister to fulfil his duty and get on with it.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [2.02 pm]: In this instance, I do not think the issue needs referral to the Standing Committee on Public Administration because the original motion was to immediately test the market, and I do not see how that can be done via a committee process. In speaking to the amendment, the Greens will not support the amendment. I am at the point at which I will probably speak to the substantive motion when I get my opportunity.

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment)** [2.02 pm]: My apologies; I did not hear Hon Colin Tincknell speak to his amendment because I was away from the chamber on urgent parliamentary business. However, I appreciate the spirit in which he has moved it. I recognise that he also has an interest in this area and is trying to fix the issue. Unfortunately, I am not in a position to support his amendment this afternoon. I have not had an opportunity to speak to the responsible ministers. However, because the issue is under active consideration at the moment, as Hon Colin Holt and Hon Samantha Rowe mentioned, the minister made a statement this afternoon. We are keen to get on with this. We do not want to delay it for another 12 months. Equally, we do not support Hon Colin Holt's request to do it immediately—test the market today—because we are doing some work. He had his chance; he was in the hot seat for a while. Hon Paul Papalia is the minister now and he and the Treasurer are working through this issue. We want to get it right. We do not want to delay it for 12 months, but, equally, we are not saying do it immediately—so we cannot support the amendment.

**The PRESIDENT:** The question is that the amendment be agreed to.

**A member:** Yes.

**The PRESIDENT:** Hon Colin Tincknell, I might remind you of the standing orders. You are not actually allowed to speak from a seat other than your own. Perhaps if you want to return to your seat, I might just put the question again. Amendment put and negatived.

*Motion Resumed*

**HON PIERRE YANG (South Metropolitan)** [2.04 pm]: I rise today to make a few remarks on the motion moved by Hon Colin Holt, which states in part —

...calls on the McGowan government to immediately test the market for the sale of the Western Australian TAB and, if favourable to the industry, proceed with the sale and ensure all proceeds of the sale are returned to the racing industry.

The sale of the TAB has been discussed in this state for quite some time. When I was doing my research, I wondered what TAB stands for and I found that it stands for Totalisator Agency Board. It shows that you learn something every day. Although talk about the sale of the TAB has been going on for a little while, unfortunately, during the last three years of the Barnett Liberal–National government, and despite the idea being floated, no decision was made. The 2014–15 and 2015–16 budgets contained the previous government’s intention to privatise the TAB. However, members of the previous government, such as Hon Colin Holt himself and Mr Murray Cowper, former member for Murray–Wellington, raised concerns from time to time about the privatisation. I wish to quote a few news articles that Minister Dawson mentioned in his contribution. On 23 May 2014, ABC news reported that Hon Colin Holt said —

If we are going to commercialise the TAB, then in my mind, we are going to put the industry in regional WA at risk.

On 3 June 2015, WAtoday reported that Mr Murray Cowper issued a press release criticising the sale of the TAB. Mr Cowper stated the importance of stability for the industry. He also predicted that if the TAB were to be sold, the consequences would be devastating for the racing, training and breeding industries in this state, particularly in the regional areas of Western Australia. Obviously, these were their personal views at the time and things can change. Some time later, Hon Colin Holt, as minister, was reported as saying on 12 February 2016 that a state is not a natural owner of the TAB and that it was time for the government to test the market.

This kind of mixed messaging and the previous government having no coherent position caused a great deal of uncertainty for the industry. Former Premier Colin Barnett himself was in public dispute with the WA racing representative group on how the sale should proceed, how the proceeds of the sale should be distributed and who should drive the sale process. The former Liberal–National government’s creation of this uncertainty surrounding the sale of the TAB was not ideal for the industry or for jobs in this state. Mr Barnett floated the idea in 2014, but between 2014 and 2017 made no decision about his intention. He had three years—no decision was made. In contrast to the former Liberal–National government’s indecision and its having no coherent position on this issue, the racing industry outlined its own position. It wants to make sure that at the end of the day, if the sale were to proceed, at least the industry would be no worse off. The McGowan Labor government’s position on this issue is pretty clear. There must be a proper analysis of the situation to determine whether all parties’ objectives can be met through a well-thought-out framework. Instead of going out to test the market immediately, a process should be established and followed. I note Hon Colin Holt’s remarks on the proposed amendment that he wanted to see this issue get back on the agenda of the public arena and I congratulate him for succeeding. Among other things, the government needs to consider its role in regulating and overseeing the privatised industry. Furthermore, the government needs to consider the impact of privatisation on the state’s wagering tax revenue. Last but not least, the government has to give consideration to the community’s reception of gambling and its role in regulating gambling. I may digress a little on this point. In Western Australia we are blessed not to have pokie machines infesting the streets. We are lucky that we do not have Returned and Services League of Australia clubs with pokie machines like many other states in Australia do. Gambling is a major social issue and we can see that firsthand in the eastern states. We see the devastating impact on other communities and vulnerable populations. We are truly lucky to have strict gambling regulation in this state and I would like to see it maintained.

**Hon Alannah MacTiernan** interjected.

**Hon PIERRE YANG:** I thank the member.

To avoid the previous government’s mixed messaging and public dispute with the industry, as I said previously, a framework has to be developed to engage stakeholders before anyone could conduct a test of the market for the privatisation of the TAB. The potential sale of the TAB is so much more than just a commercial decision. As many members have mentioned in their remarks, consultation is the key, and the sale should only proceed if it is in the best interests of the industry and the state, and of the jobs of the people of Western Australia.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [2.13 pm]: I rise to speak on behalf the Greens on this motion. I have listened to what some of the other members have said and I obviously looked at the ministerial statement this morning. We dealt with this issue in June 2016 when Hon Colin Holt previously triggered debate on it. The motion in its basic form states —

That this house calls on the McGowan government to immediately test the market for the sale of the WA TAB, and if favourable to the industry proceed with the sale and ensure all proceeds of the sale are returned to the racing industry.

**Extract from Hansard**

[COUNCIL — Wednesday, 6 September 2017]

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Hon Colin Holt; Hon Stephen Dawson; Hon Tjorn Sibma; Hon Samantha Rowe; Hon Colin Tincknell; Hon Robin Chapple; Hon Pierre Yang; Hon Dr Steve Thomas

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It is fraught with one fundamental problem. As has been said by the honourable member who spoke previously, we need to understand the implications of many aspects of the racing industry. If the motion had been more along the lines of “this house calls on the McGowan government to evaluate the social and economic impacts of the broadening of the WA TAB through its sale”, we might have been more inclined to be interested in it.

In May 2017 the McGowan government quite clearly cast doubt over the sale of the TAB, saying it had the potential to create another hole in the state finances, after receiving advice from Treasury that the sale may affect revenues and impact on the state’s credit rating. Quite clearly, other political players have a different view. It is important when we look at some of those economic outcomes to note the confidential restricted publication put out by the Australian Competition Tribunal, which identifies in regard to industry funding that in 2015–16 Racing and Wagering Western Australia contributed \$152 million to the Western Australian racing sporting industry and \$20.5 million in funding to racing and integrity services, which is a total increase of \$7.5 million from the previous financial year. A further \$4 million went directly to community support. There are broader implications to the fiscal bottom line of the state. There is also an issue with the provision of social services.

One of the fundamental issues for us, and one that has been identified previously, is that once gambling is moved to the private sector, the sort of administrative controls over its social impact dissipates to a large degree. We have heard in previous debates that the sale of the TAB would give rise to the potential of gambling and gaming machines in a number of outlets and in local hostels, hotels and pubs. As well, there would be loss of income to the state. Our position is that if one is to consider the sale of the TAB, all potential impacts must be evaluated in that process, and I think the ministerial statement deals with this in regard, although it does not spell it out. As a group very concerned about the scourge of betting and its social impacts, we are firmly of the belief that retaining the TAB within government ambit ensures the relevant level of government oversight to hopefully ensure that gambling is managed and minimised wherever possible. As we have seen in other states, moving gambling to the private sector has not led to a very good social outcome. I acknowledge that we are the only state where the TAB is government owned, but is that a bad thing? I do not necessarily think so. I think that while it remains under the WA government jurisdiction at a management level, there is the ability control and to create laws and regulations, if necessary, to limit the amount of gambling. There may be a benefit if the TAB was sold and that would be we could then go to the other states and declare that the interest earned from gambling was not part of the GST equation. As members would know, that is a problem in the other states. They do not pay GST on gambling income and that is one of the reasons that we are the poor cousin in the distribution of the GST. The broad principles are that we need good government management over gambling. The TAB operates under the WA government’s tight control on the range and location of gambling products. Western Australia does not have keno. Clearly, the racing industry is advocating for an expansion of keno and electronic virtual horseracing machines in all TAB agencies, including pub TAB and clubs. In New South Wales now the top 25 hotels are making more profit from poker machines than from any other source of income. I do not want to see that happen in WA and I am sure that many people who have been around and seen the social and physical impacts and harm that gambling produces would not want us moving into that area. If we take it from a purely economic position, New South Wales makes a staggering \$253 million a year from gambling, but look at the social problems it faces. I do not want to see that happen in WA.

We also need to consider this matter in light of the ever-increasing availability of online gambling products. Also as more online gambling becomes available, it is less likely, regardless of whether the TAB is in private or public hands, that we will have the funding to provide services for problem gambling. In essence, we do not support the motion before the house. But I certainly believe that if there is any basis to the ministerial statement, a review of the future of the WA TAB must include an evaluation of the social impact of what is one of the greatest scourges in Australia.

I am a country member and I go to turf clubs in Port Hedland and places like that. Quite often I see grown men cry. That is not a good outcome. In some areas significant social impacts result from the loss of considerable amounts of money from gaming ventures. The Greens will not be supporting the motion. Having read the ministerial statement, I hope that the government will properly evaluate the social impacts of any review it carries out into the WA TAB.

**HON Dr STEVE THOMAS (South West)** [2.23 pm]: I start my small contribution by declaring a conflict of interest. As a registered veterinarian accredited to practice in the racing industry I needed to make sure that everyone was aware of that. I have had some experience in the area and I want to make a few comments on the broader racing industry before addressing the substance of the motion.

I have been around the racing industry for many decades and, let me tell members, it has changed considerably in that time. I remember going to the country races as a child, and I have always been, apart from a brief period when I studied, a resident of rural areas. Country races used to be fantastic 30 or 40 years ago because the whole town would come out. It was a day out because 30 or 40 years ago there were not a lot of other things to do in country

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areas. The men would wear suits and the ladies would be dressed up and the kids would run around. At that point it was not unusual—not in this jurisdiction, of course—for youngsters to bet 10c or 20c of their pocket money on the outcome of a race. That was not necessarily legal at the time, but I know that those sorts of things tended to occur. It was a day out.

There was a real community interest in the racing industry in those days. The local doctor or dentist—even some local veterinarians, although their wages were on the low side—tended to have a racehorse, or an investment in a racehorse. Come the weekend, they would take that racehorse out, and the family would go with them; it was a social event. Country racing had some real dynamism and community involvement. To be honest, the gambling component—that is, betting at the races—was a bit less important than the social aspect of the day out for people. People were interested in the horses thundering down the track and in the community around them, and they had an investment in the races. People would do that because country racehorses, horses that were a bit competitive in country races, were affordable for a doctor, dentist and lawyer who lived in town. The lawyers could probably afford two or three horses, but that is a different story! They could afford to involve themselves in the industry. The real estate agents probably owned a few as well.

**Hon Matthew Swinbourn:** What about the vets?

**Hon Dr STEVE THOMAS:** No, the vets were always too poor. We were the poor guys trying to make money out of the racing industry.

**Hon Alannah MacTiernan:** Like bringing your horses into the hospital.

**Hon Dr STEVE THOMAS:** We can talk about all of that in a minute.

But the vets were too poor for that. We used to try to make money out of the people who owned racehorses. Honourable members, that was no easy thing, particularly as the years went by and groups of people started to own racehorses. It became very confusing about who actually owned a racehorse and who in the collective would get the bills.

**Hon Alannah MacTiernan:** I am sure the vets did very well out of Laurie Connell—a lot of veterinary preparation!

**Hon Dr STEVE THOMAS:** A number did. They also got a lot out of Russ Hinze, I can tell the honourable member.

**Hon Alannah MacTiernan:** Something a bit closer to home.

**Hon Dr STEVE THOMAS:** We are under parliamentary privilege and could probably tell some stories, but I do not think that we necessarily should.

Let me get back to the substance of the motion about the racing industry and how we have arrived at this situation today. It is critical to put the debate into some historical context. When I was a young man the racing industry was quite dynamic. It was probably the case that in regional Western Australia there was not much else to do, and in a lot of cases that is probably right. There were the monthly dances and only two television channels, most of which was not exciting outside of the footy season, but that tended to be at the opposite end of the racing season anyway. There was not a lot to do in the country in those days and the races were a great day out. As I said, people in the community invested in racehorses, and they came in at a price that the local doctor, dentist, lawyer et cetera could afford to buy, and lots of them did. Lots of them owned a couple of racehorse that they would leave with a trainer. On the weekend they and their families would go to the races where there would be a significant crowd. That is how I remember the industry as I grew up.

But things started to change, and 20 or 25 years ago even country racing started to change. The biggest change in my view occurred when the industry became far more professional. Trainers got more professional and the prize money for the big races started increasing. The cost of racehorses started to get more professional as well. I will never forget in the 1990s having a conversation with a trainer from the south west who said he got complaints because the doctor, the lawyer and the dentist who used to own racehorses to run on weekends that would occasionally pick up a place in country races, which they could buy for \$5 000 and pay \$1 000 or a couple of thousand dollars a year to put with a trainer, cost \$100 000. He said that if people cannot afford to invest that sort of money, that is just too bad. I think that the racing industry has changed remarkably, and I have been intimately involved in it for many years. When it turned professional it started to lose the community. The problem is the industry lost the community that had invested in the racing industry by putting money into the racehorses and lost money every year. Very few racehorse owners make any money, and even today the people who make money out of racehorses can afford to buy multimillion-dollar horses at the major sales—and the occasional veterinarian. They make significant investments, but the average punter, the average person who for decades invested in the racing industry, is unable to do that because the price to get involved is so high. People have to form syndicates. Instead of investing \$5 000 or \$10 000 in buying a racehorse that is not going to win the Melbourne Cup or the

Perth Cup but might have won a race in Northam, Bunbury or Pinjarra, people can have the excitement of having a competitive horse.

**Hon Alannah MacTiernan:** Or being a connection.

**Hon Dr STEVE THOMAS:** Or being a significant connection.

**Hon Colin Holt:** What's wrong with syndication?

**Hon Dr STEVE THOMAS:** The problem with syndication is that the ownership of the animal is watered down. If a person owns two per cent of a racehorse that might be competitive, the whole syndicate does not generally turn out. Not many of them turn out because it prices them out. This is the only way that they can get into the system. People do not have that sense of ownership so they do not take the family to the races as frequently as they used to.

**Hon Alannah MacTiernan:** I'm not sure whether that's true. In Carnarvon there was syndicate of women called the FBI. I won't describe exactly what it stood for, but the 10 women who were members of that syndicate would always be at the races.

**Hon Dr STEVE THOMAS:** You will obviously find —

**Hon Colin Holt:** Have you ever seen Red Ora racing?

**Hon Dr STEVE THOMAS:** Yes.

**Hon Colin Holt:** There's a syndicate of about 30 blokes —

**Hon Dr STEVE THOMAS:** Yes. There are always exceptions to every generalisation.

Several members interjected.

**The ACTING SPEAKER:** Order, members! Hon Dr Steve Thomas has the call.

**Hon Jacqui Boydell:** Syndicates make it cheaper.

**Hon Dr STEVE THOMAS:** Syndicates make it cheaper per person, but the overall cost of getting involved is significantly higher. In my view, what changed in the racing industry is that the industry is not being subsidised by the day out at the racecourse, particularly in regional areas. It happens every once in a while. Major races in regional areas still happen and people go out to them, but in a lot of those regional areas, the races were far more frequent. Over the summer period in particular, they were a regular event. Now the prize money available is concentrated in a greater amount to a smaller number of races, which reduces the throughput of people, apart from the big events. The Bunbury Cup is still a big event. Obviously, millions of people watch the Melbourne Cup and thousands of people turn out for it. A whole pile of them are probably not sober enough to watch the horses running. It becomes a day out and people enjoy that. That is what it used to be like every weekend in regional areas when people went out to those country races—not the drunken bit, but the turning out for social events.

In my view, the focus has shifted from the day out on which the subsidy comes from horse ownership to the day out for gambling. There has been a significant shift in where that travels to in the gambling process, with far more valuable racehorses and a bigger focus on gambling. By definition, the racing industry has to struggle because it relies more and more on that gambling to subsidise its activities as fewer people become involved in the racing industry. The discussion about the sale of the TAB is reflective of the situation in which racing finds itself. I do not know how that can be reversed; I think it is very complicated to do that because expensive racehorses will not become cheaper unless the industry crashes, which would be devastating for thousands of people. There is no easy answer to this. I have no personal objection to privatising the TAB, but I suggest that similar to other things such as Western Power, if it is not privatised soon, the government will find itself stuck with a diminishing asset that has limited value by the end of the process. I kind of understand that. I also understand the argument that all the proceeds have to be used to prop up regional racing in particular, because I think it is in a bit of a struggle, and will struggle in the future for the reasons that I have outlined previously. There are always exceptions to that rule. If someone happens to pick up a horse that wins the Melbourne Cup and is a part of a syndicate, that is fantastic. There are syndicates out there that enjoy that, but on average it is a completely different racing industry from the one that existed many years ago. Although I understand the argument that because of the situation that racing finds itself in—that is, fewer people over the year are going to the races and fewer people are engaged in the industry because the ownership structures have changed to large multiperson syndicates just to keep up with the price of competitive horses—the industry needs to be propped up with 100 per cent of the proceeds, I am concerned that at the end of that process we will still end up with an unviable industry. If that process and that change in ownership continues and the number of people invested in the industry decreases, we will temporarily hold it up for a little while longer without dealing with the major structural issues that exist. It is not just in country racing. The crowds

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that have been going to Gloucester Park and Ascot in recent years do not compare with the crowds that went there in the past. They have declined significantly. I say to all those who mocked and said that syndicates mean that more people are going than ever before, the numbers do not bear that out. Fewer people are going to the races. Of course, they have other things to do. They can watch the races on TV and gamble on the internet, and they have a choice of which company they will use. In the old days people used to gamble with the bookies on the course. Then the TAB came along and there was a bit of competition. The competition now is absolutely immense. If anybody thinks that this is just a country racing issue and that metropolitan racing is doing wonderfully well, I remind them that there were a couple of proposals to do up Gloucester Park in East Perth. There has been considerable debate about how many galloping tracks we need in Perth and whether one would be sufficient. From the south west perspective, the trots and gallopers in Bunbury have debated for years whether those tracks should be united because one track is next to the other and the resources are split. They have not been able to come to an agreement. Anybody who suggests that the racing industry is going along wonderfully well and is galloping ahead needs to look again. That we are having this debate about the sale of the TAB is reflective of the fact that the industry has some structural issues that have not been addressed. This is just one little part of. By all means, the TAB should be sold because it is a diminishing asset but if anyone suggests that it will make the Western Australian racing industry absolutely self-sufficient even if 100 per cent of the proceeds are put into country racing, without addressing all those of structural issues of crowd numbers, the number of people getting involved, the cost of racehorses, and the distribution of prize money, they are wrong. There is an ongoing saga about how a horse might win a regional race but if the prize money is a couple of thousand dollars and it costs \$10 000 a year to keep it in training, how long will someone continue doing that? In the old days, there were chemical ways to make sure a horse was a little bit in front. Luckily, we are much better at pinning those down and eliminating those. I can remember the days when racehorse owners and racehorse trainers in particular were pulled over with a nasogastric tube in the horse filling it with bicarbonate of soda to try to absorb the lactic acid as the horse ran anything more than about 1 000 metres. That did not happen to every horse but it was not uncommon. Those who have been in the profession long enough will remember etorphine, which is what we used to call elephant juice and was pretty powerful stuff. People used to take a drop and put it into a bottle of water. It killed people who did not use it correctly. Those days are long gone but that was the industry at the time. It was not perfect; corruption occurred at the time. But apart from the big days out on which the women are glammed up beautifully and the men are in suits and half of them are well drunk on champagne or beer, the average day out on a racecourse pales in significance to the community event that I think it was 30 years ago. That reflects the structural issues that exist that the sale of the TAB will not come anywhere close to addressing. If we sell the TAB, I think we will be back here in a year or two to suggest that racing, not just regional racing, still has underlying issues that need to be addressed. It is a big industry and a lot of people are very passionate about it—I understand that. I understand that lots of veterinarians make a dollar out of it, but the industry has changed. It is a different industry from the one that I first got involved in. Although some of those changes are probably inevitable, in my view, those changes need to be addressed in a long-term sustainability strategy; otherwise, to be honest, without a longer-term plan for the industry we are largely wasting our time because ultimately that is where the debate has to go.

**HON COLIN HOLT (South West)** [2.40 pm] — in reply: I would like to thank all members for their contributions to the debate. I think it has been well recognised that it is an important industry. Not for a second have I suggested that the industry is in great health, and I think that is one of the reasons we are having this debate. In my contribution at the last sitting I highlighted that participation in the industry is decreasing across the board. I make the point to Hon Dr Steve Thomas that the industry certainly has changed; it has certainly become much more professional because it needed to be. The industry needed to address the integrity issues that the community was demanding it address. The industry had to establish a way to be much more professional in its approach to that. This state probably has the best integrity in the racing industry in the whole of Australia. It needed to be professional to do that.

It must be recognised that there are industry race days now. The only people who go along to those industry days are trainers, a small group of owners, jockeys, stewards and a few hardy members of the club. They are based on the wagering outcome; they are not for the social outcome and promotion. There are industry days because the wagering dollar is the engine room of the industry. Those events, such as Wednesday races in Geraldton, are put on for that reason. The flipside of that is that the days Hon Dr Steve Thomas talked about in the heyday are still there and are marketed well. If I am right, Hon Ken Baston has just come back from the Broome Cup. I think that was the best and most successful Broome Cup for many years. I think the crux of the member's contribution—if I can put my spin on it—is that Racing and Wagering Western Australia has a split personality; it is responsible for racing and it is responsible for wagering. In my opinion, RWWA has concentrated too much on wagering and not enough on the racing outcome, club sustainability, social outcomes and getting people back to the races. I understand that the minister said that he is working with RWWA to come through and play a key role in the process. Racing and Wagering is in charge of the TAB. Every member in this house should ask whether there is

a bit of a conflict of interest with that. I think it is amazing that this government briefing pack, which the minister alluded to and which every member received, came out in August 2017—just in time for this debate!

**Hon Stephen Dawson** interjected.

**Hon COLIN HOLT:** I have limited time, member.

**Hon Stephen Dawson:** It comes out every year at this time.

**Hon COLIN HOLT:** I challenge the member to find out how the Western Australian TAB is going in that publication. He will not be able to find that, because this publication is not about the WA TAB; it is about the importance of the racing industry. I remind members that the TAB is the funding avenue for the racing industry—that is confused all the time. Hon Robin Chapple said that if we sell the TAB, we might go down the line of introducing poker machines. I am as proud as everybody in this chamber that we do not have poker machines in this state—we should all be proud of that—and we have a complete bipartisan approach to the issue. To suggest that selling the TAB will open up the potential for poker machines is absolutely misguided. That is why we have rules and regulations; we cannot do it. The sale of the TAB is about trying to find the best way to fund the industry in the future.

**Hon Stephen Dawson:** I found some stuff about the TAB in the briefing pack.

**Hon COLIN HOLT:** What does it say?

**Hon Stephen Dawson:** It says a range of things about wagering.

**Hon COLIN HOLT:** It does not state how the WA TAB is operating; if it does, it is masking it within distributions that are made up from a number of different funding models.

Hon Tjorn Sibma touched on some really relevant points about the model of funding going forward if we do privatise the TAB. A partnership model is successfully operating in Victoria now, and Victoria sold it 20 years ago. The private operator, Tabcorp, continues to put money back into the industry. That is the sort of model we should look at to ensure that those things in the racing industry that most members have talked about today are supported. The contributions from Hon Dr Steve Thomas and Hon Samantha Rowe were all about the racing industry. We are trying to debate the best way—the best funding model—through the wagering system to support that industry in the future. There should be caution about what the ongoing model should look like to ensure that funding goes back to those race clubs and that industry. Absolutely, the better deal for ongoing funding will impact on the purchase price or the sale price. I will be one of the first to say that we should try to get the best ongoing deal for the racing industry and worry about the capital return later. In my opinion, the capital return needs to go straight back into the industry. My opinion probably differs from Hon Tjorn Sibma's on that, because I truly believe that the WA TAB has been grown purely by the wagering community of Western Australia and not the government. Even though the government might own it on paper, in reality it does not. Going forward in this debate, I encourage members to try to separate the performance of the Western Australian TAB as the funding model from the racing industry. They are linked; I accept that. The government should ask questions about how the WA TAB is going when it consults with RWWA—that is what I ask.

I thank Hon Colin Tincknell for his contribution. I understand his requirement to put up an amendment. The racing industry is a complex business. I came from a fairly novice viewpoint when I became minister. I worked hard to try to understand the industry and the wagering component of it. It is very complex, with many moving parts and we should all be more informed. Again, the commercial reality for WA TAB business does not mean members in this place or the industry get the full picture of what the WA TAB is doing. Hon Tjorn Sibma touched on the abilities and the skills of the public sector to pull off a deal, for want of a better word. We have one great advantage—that is, the chief executive officer of Racing and Wagering Western Australia, Richard Burt, who is an absolute gun in the wagering space. He knows exactly how it all works, and I have confidence in him that if the sale is ever taken to the point of “let's test the market”, he would absolutely know what would be required from a wagering contract perspective to deliver for the industry. He is a gun on wagering. I have been on the racing side of the business.

To come back to Hon Colin Tincknell's contribution, the member talked about ongoing revenue sources coming back to the government and why we would sell an asset and give up all the revenue. That is not true in the WA TAB's case. At the moment, the government collects wagering tax and that wagering tax will not go away no matter who owns the operator. That \$40-odd million that goes into the state coffers now will continue depending on the tax rate that the new government introduces—it might grow; it might go backwards. I have said before in this chamber that I am sure that Racing and Wagering Western Australia has already approached the new government to reduce that wagering rate so that it can be more competitive in the wagering market. The WA TAB is not like Western Power; if the government wants to sell the TAB and get money into the coffers, that wagering

**Extract from Hansard**

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tax will still exist no matter who is running it. I touched on the point-of-consumption tax, and we will get back to that. At some point the government will have to be clear about whether it is going to introduce a point-of-consumption tax. If it does, it will have to outline what it will do with the proceeds of it.

I thank Hon Pierre Yang for his contribution. I completely take responsibility for my role in the previous government and where this debate got to; I have no problems with that at all. I am not in charge of this debate now; the government is. I think we asked for a clear outline in this debate, but I am not sure that we got one. I think the answer we got was that the government will give it careful consideration.

That is probably as much as was committed to by the minister in the other place and by members in their contributions in this place. It is important that we give this matter careful consideration. I did not hear mention of too many time frames, but I did hear that consultation was important and the key. I look forward to seeing what that consultation involves. I will put some questions on notice about what form that consultation will take, because as someone who is interested in the future of the industry, I would like to attend some of that consultation and see what the government has planned. If the government's stance now is to be careful in its consideration and that consultation is the key, I am not sure that it has allayed any fears of uncertainty for the industry that may have existed under the previous governments.

Hon Robin Chapple talked about the TAB's contributions to the Sports Wagering Account and the community sporting and recreation facilities fund, and the integrity of the TAB in making those contributions. What he said is right. In this debate we are saying that those things are important; therefore, how do we fund those accounts into the future given that the Western Australian TAB, in the opinion of many people, including me, is under extreme pressure to continue to provide those funds to the Sports Wagering Account and to maintain its integrity to provide prize money, stake money or fund other activities? The whole point of this debate and behind testing the market for the Western Australian TAB is to see whether a new model can deliver a better model or at least continue with what the old model has been providing. Western Australia has some natural advantages in this industry, which I have spoken about before. We are an isolated state. We have some very loyal punters out there who like to walk into a brick building with a TAB sign on it to make their wagers. I wish they would place them more on Western Australian races than eastern states races, which is a big problem for the industry and local punters. However, that is one advantage that any alternative operator will want to pay for, and we need to test that. We have some real advantages with our time zone and the Asian market. I do not think that Racing and Waging Western Australia has put enough focus on that. It has run a super-tight TAB agency that is now under pressure. It needed to do that because that is the engine room, but it has not given enough focus on the racing industry. It will disagree with me, but that is my observation.

One last thing I want to say is that the average sale price for a yearling in the Magic Millions in Western Australia was around \$38 000 and the maximum sale price was around \$120 000. We can talk about this in different degrees, but I suspect that some people in this place have had ownership or part-ownership in a racehorse at various times and they would absolutely agree that an integral part of the racing industry is not the amount that is put under the tote window or paid on a quinella in the TAB. The absolute crux of the argument for this industry is the social fabric that it creates and the economic and employment activity that it brings to this state. It provides unique opportunities for people with a unique set of skills that are not easily transferrable. This motion and the debate has been about how we protect that into the future. My opinion is that we need to test the market. The ball is firmly in the new government's court. I am not sure that it is moving fast enough. It has put down its plan, which is to carefully consider the matter and to consult more with industry. I am not sure that that is the answer the industry needs or wants, but my role in opposition now is to bring those issues to the fore. I thank all members who contributed to the debate.

*Division*

Question put and a division taken with the following result —



**Extract from *Hansard***

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Hon Colin Holt; Hon Stephen Dawson; Hon Tjorn Sibma; Hon Samantha Rowe; Hon Colin Tincknell; Hon Robin Chapple; Hon Pierre Yang; Hon Dr Steve Thomas

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Ayes (16)

Hon Martin Aldridge  
Hon Jacqui Boydell  
Hon Peter Collier  
Hon Donna Faragher

Hon Nick Goiran  
Hon Colin Holt  
Hon Rick Mazza  
Hon Michael Mischin

Hon Simon O'Brien  
Hon Robin Scott  
Hon Tjorn Sibma  
Hon Charles Smith

Hon Aaron Stonehouse  
Hon Dr Steve Thomas  
Hon Colin Tincknell  
Hon Ken Baston (*Teller*)

Noes (15)

Hon Robin Chapple  
Hon Tim Clifford  
Hon Alanna Clohesy  
Hon Stephen Dawson

Hon Sue Ellery  
Hon Diane Evers  
Hon Adele Farina  
Hon Laurie Graham

Hon Alannah MacTiernan  
Hon Kyle McGinn  
Hon Samantha Rowe  
Hon Dr Sally Talbot

Hon Alison Xamon  
Hon Pierre Yang  
Hon Martin Pritchard (*Teller*)

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Pairs

Hon Jim Chown  
Hon Colin de Grussa

Hon Matthew Swinbourn  
Hon Darren West

Question thus passed.