

Dickinson, Dawn

From: Steed Farrell [Steed.Farrell@cpsucsa.org]
Sent: Monday, 30 November 2009 10:37 AM
To: Dickinson, Dawn
Subject: Inquiry into the RWWA Acts - Submission from CPSU/CSA
Attachments: RWWA Acts - CPSU_CSA Submission - Nov 2009.pdf

Please find attached a submission from the CPSU/CSA to the Inquiry into the Racing and Wagering Western Australia Acts.

Regards

Steed Farrell

Community and Stakeholder Relations
CPSU/CSA

Tel: (08) 9323 3800
Mob: 0439 910 806
Steed.Farrell@cpsucsa.org.

Community & Public Sector Union Civil Service Association of WA

Community & Public Sector Union
SPSF Group, WA Branch
Civil Service Association of WA Inc

www.cpsu-csa.org

Union Link: 1300 733 800
Email: info@cpsu-csa.org
Reception: 08 9323 3800
Fax: 08 9323 3878

Address: 445 Hay St, Perth, WA, 6000
Mail: GPO Box X2252, Perth, WA, 6847

Dawn Dickinson
Principal Research Officer
Joint Standing Committee on the Review of the Racing and Wagering WA Acts
Parliament House
PERTH WA 6000

30th November 2009

Dear Ms Dickinson,

The CPSU/CSA represents over 130 staff whom are employed across a wide range of roles within Racing and Wagering Western Australia (RWWA).

With respect to the terms of reference of the *Inquiry into the Racing and Wagering Western Australia Act*, the CPSU/CSA supports the legislative framework that facilitates the retention of a single body, such as Racing and Wagering Western Australia that acts as the controlling body for all three codes of racing in Western Australia.

Having a single governing body enables a coordinated and cohesive approach to the future direction of the racing industry in WA, and facilitates efficiencies that aren't possible by spreading responsibilities across multiple bodies or transferring to the private sector. The CPSU/CSA believes maintaining the current framework is in the best interest of the industry and the WA community.

The CPSU/CSA also supports such a body incorporating the functions of a Totalisator Agency Board (TAB), including the management and distribution of any TAB profits as well as the role of determining TAB coverage of race meetings. The responsibilities of RWWA or a similar such body should also continue to include:

- Coordinate the development and promotion, and ensure the integrity, of WA's thoroughbred, harness and greyhound racing industries,
- Establish policies for stake money levels and racing conditions,
- Coordinate whole of industry issues such as insurance,
- Coordinate access to training for race apprentices,
- Liaise with interstate and national racing bodies) and
- Controlling and supervising the conduct of racing, including steward and drug testing activities.

The functions of the Totalisator Agency Board, which are now incorporated within the overall responsibilities of RWWA, are the major source of revenue for the racing industry in WA, and as such the CPSU/CSA strongly supports the State Government retaining ownership of the TAB. Since its creation in 2003, RWWA has increased annual distributions from \$59m in 2003/04 to \$108.5m in 2008/09/ an increase of 84%. In 2009/10 due to unprecedented economic conditions facing the industry, distributions were reduced by approximately 4% to \$103.1m. This growth in funding has assisted the three codes of racing in Western Australia to be competitive with industry distribution payments nationally.

The CPSU/CSA believes that the current TAB operation is too small to be an attractive commercial proposition, with an attractive return on any sale unlikely in the current climate. If publicly floated, the priority will be placed with the shareholders interests rather than those of the industry and the wider WA community, with the regional racing industry likely to lose out the most from any such shift in priority.

The privatisation of the TAB in South Australia in 2002 is a recent example of how both the respective industry and the wider community lost out from the sale of a public asset. A report prepared by the SAAuditor General in May 2003, showed that the total revenues from the sale were \$61.1 million however the total expenditure from the sale was \$64 million. This was an overall loss of \$2.9 million.

In addition to the overall loss on sale, the report recognised that prior to the sale the South Australian Government received a yearly distribution from the SA TAB comprising a tax equivalent amount, a share of the unclaimed dividends and a share of the profits from operations.

(Under the post-sale arrangements, the South Australian Government only receives a duty payable by TAB Queensland for operating its business in South Australia. For the financial year ended 30 June 2001, the duty amounted to \$5.9 million (\$6.3 million in 2001-02). Based on the 2001 financial information, the South Australian Government had forgone \$8 million and was expected to forgo in excess of this amount for all future years through the sale of the SA TAB.

This example clearly demonstrates the financial risks from any such sale and adds further weight to the case supporting Government maintaining ownership of the TAB. To some extent Government ownership will also shield the TAB from the commercial pressures faced by privately owned companies.

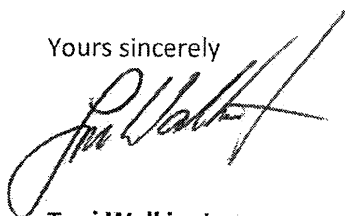
The CPSU/CSA also opposes the contracting out of any operational functions of the Totalisator role of RWWA. It is the member's view that RWWA should maintain responsibility for all operational aspects of the Totalisator in order to ensure a coordinated approach to service delivery that is well informed and cognisant of the industry's needs.

(The original intent of amalgamating the TAB functions with RWWA was to remove the competing operational climate that existed between itself and the racing industry. This division between the two has now been overcome.

Whilst there are a number of challenges that currently face the racing industry in Western Australia, the CPSU/CSA believes that RWWA, having become a self-funded, independent body performing its role efficiently in a competitive market, is best equipped with its current structure and legislative responsibilities, to manage and overcome those challenges on behalf of and working closely with the WA racing industry.

The CPSU/CSA would like to thank the Joint Standing Committee for the opportunity to make a submission. Please feel free to contact me on **9323 3800** should you require further information or clarification on any matters raised in this submission.

Yours sincerely



Toni Walkington
CPSU/CSA - Branch Secretary