

**JOINT STANDING COMMITTEE ON THE  
REVIEW OF THE RACING AND WAGERING  
WESTERN AUSTRALIA ACTS**

**INQUIRY INTO THE RACING AND WAGERING  
WESTERN AUSTRALIA ACTS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
FRIDAY, 20 AUGUST 2010**

**Members**

**Mr John McGrath (Chairman)  
Hon Max Trenorden (Deputy Chairman)  
Hon Matt Benson-Lidholm  
Mr John Bowler  
Hon Alyssa Hayden  
Mr Peter Watson**

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**Hearing commenced at 8.28 am****BOWE, MR ROSS GREGORY****Chairman, Racing and Wagering Western Australia, examined:****BURT, MR RICHARD****Chief Executive Officer, Racing and Wagering Western Australia, examined:****FREEMANTLE, MR JAMES MALCOLM****Deputy Chairman, Racing and Wagering Western Australia, examined:****PEARSON, MR ROBERT CHARLES****Company Director, Racing and Wagering Western Australia, examined:**

**The CHAIRMAN:** On behalf of the Joint Standing Committee on the Review of the Racing and Wagering WA Acts, I would like to thank you for your appearance before us today. The purpose of this hearing is to assist the committee in its inquiry into the Racing and Wagering Western Australia acts. You would have seen a copy of the committee's specific terms of reference. For the benefit of Hansard and those observing, I would like to introduce myself and the other members of the committee present today. I am John McGrath, MLA, the Chair. On my left is the Deputy Chair, Hon Max Trenorden, MLC; John Bowler, member for Kalgoorlie; Hon Matt Benson, MLC; and Hon Alyssa Hayden, MLC.

The committee is a joint standing committee of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. This is a public hearing and Hansard will be making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you could provide the full title for the record.

Before we proceed, I also need to ask you a series of questions. Have you completed the "Details of Witness" form?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

**The Witnesses:** Yes.

**The CHAIRMAN:** Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you have any questions in relation to being a witness at today's hearing?

**The Witnesses:** No.

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**The CHAIRMAN:** Would you please state your full name and the capacity in which appear before the committee today.

Thank you. We have a series of questions to ask you today, but before we do that, do you wish to provide the committee with any additional information or make an opening statement to the hearing?

**Mr Bowe:** No; not at this stage, Mr Chairman.

**The CHAIRMAN:** Okay.

Thanks for appearing again before the committee. We see this as the final opportunity for us, and for you, to go through some matters that the committee has been looking at. The purpose of this third and final hearing is to continue the discussion of general issues and themes relating to the operations of RWWA that have come to the committee's attention during this inquiry. I would like to resume questioning on the subject of accountability first. I believe you roughly have copies of the questions.

**Mr Bowe:** Yes.

**The CHAIRMAN:** I am aware that RWWA releases WA racing industry status reports that detail a variety of figures—for example, stakes returns to participants. Does RWWA publish the cost savings realised through club amalgamations?

Another issue that has been raised with the committee is the need for greater transparency through additional external reporting measures, but I think that we will start with the first question. Does RWWA publish the cost savings realised through club amalgamations?

**Mr Bowe:** I will ask Richard to respond. I am not aware of any recent amalgamations that have occurred since RWWA's inception. There were closures well before then in the harness industry, particularly in Katanning and around that area, but I am not sure whether there have been any practical examples, Mr Chairman. Perhaps I could throw the question to Mr Burt to elaborate on what the procedures would be and how we would quantify any savings that result.

**Mr Burt:** Chairman, the answer is no. In terms of historical club amalgamations, from a harness point of view you could argue the amalgamation of Merredin and Wyalkatchem with Kellerberrin into what is now known as the Central Wheatbelt Harness Racing Club. We do not have figures on that and we have not published figures on that. That amalgamation preceded RWWA, but I do not believe that any figures were published through the harness industry. The current amalgamation that we are recommending—in the harness strategic plan—is the Fremantle—Western Australian Trotting Association amalgamation. Whilst we have an understanding from those clubs as to what the benefits would be, which we could give an overview of, until that amalgamation occurs and the synergies were realised we do not actually have any data. Again, that would not normally have been something that we would publish in something like the WA racing stats book.

**The CHAIRMAN:** Would you consider it quite a significant saving if Fremantle amalgamated with Gloucester Park?

**Mr Burt:** No; it is not material, and when I say not material, the savings or the benefits are under \$1 million—they are well short of \$1 million. Unless you want me to elaborate, I will not —

**The CHAIRMAN:** What then would be the benefit of pushing ahead with that amalgamation?

**Mr Burt:** The main reason RWWA supports the idea of the two coming together is that you have some savings in terms of the administration but, more importantly, you have two metropolitan clubs acting as one. That would be a common voice for metropolitan racing with consistent marketing and branding as opposed to a host-tenant relationship. The Fremantle asset base is brought in with the WA Trotting Association—Fremantle is quite asset rich—and that will give additional strength to

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the metropolitan club. It is really about bringing two assets or two entities together to make one stronger entity.

**The CHAIRMAN:** If that amalgamation came about, would you propose the selling-off of those assets—or do you think that could be a possibility?

**Mr Burt:** No; no, it would not be for us to say, because the assets are within the clubs' responsibility or control. It is more that one entity will have control over those assets—those typically non-racing assets such as real estate and other property. It means that you have a stronger entity being able to go forward and that can decide what it wants to do with those assets as opposed to having a host relationship bearing the cost of running racing and maintaining tracks, and a tenant relationship in which they are quite asset rich but have no responsibility for running the venue. So we have recommended that they come together. It is also very good for the marketing of the product.

**The CHAIRMAN:** Any other questions on amalgamation?

**Hon MATT BENSON-LIDHOLM:** What are these assets that you are talking about?

**Mr Burt:** When Richmond Raceway was sold many years ago, Fremantle basically received a large amount of money that it has retained in trust. The Richmond Raceway —

**Hon MATT BENSON-LIDHOLM:** Are you at liberty to tell us what that money amounts to?

**Mr Burt:** My apologies; I cannot quote the exact amount, mainly because I do not know the intricate details and not so much because of the confidentiality.

**Hon MAX TRENORDEN:** Member, we were given those figures.

**The CHAIRMAN:** We have that information.

**Mr Burt:** Good. From my understanding, there is the premises that they occupy at Myaree or Applecross—in that area—and they have the funds remaining from the divestment of Richmond Raceway. And then the things that we were more focussed on—apart from having an appreciation of what that was—was the running of the club as a common entity as opposed to a host-tenant relationship; the building of the brand; and the savings in administrative costs and what that would bring to the new entity. And that was reasonable. Equally —

**The CHAIRMAN:** Yes; I imagine that RWWA would not die in a ditch over this amalgamation; that is, you think it should happen.

**Mr Burt:** That would be a fair description, Chairman: I mean, there are bigger things to worry about. You are right; we would not die in a ditch. The WATA and Freo want to come together. The biggest issue for Fremantle is its members. It has a fairly older membership base who are resistant to change, apparently. We are trying to work with that membership base in the coming months telling them about the benefits that would come from the amalgamation, but there is a resistance to change. We are really just saying that we can be a broker and bring you together, and that there are some benefits.

**Hon MATT BENSON-LIDHOLM:** I am a member of the Fremantle club and a number of people —

**Hon MAX TRENORDEN:** And you have a problem!

**Hon MATT BENSON-LIDHOLM:** I am a member of Fremantle Harness Racing Club and certainly not the club you are talking about!

A number of these more senior citizens, if you like, certainly expressed a need for some capacity for identity retention. Can you possibly give us some idea how that might be achieved? Is it a worthy thing to pursue?

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**Mr Burt:** Absolutely. RWWA's role in this is actually in the background—the role is between WATA and Fremantle—bringing the clubs members together and providing attractions as to why Fremantle wants to merge with WATA. There are quite a few issues in terms of the membership fees. The membership fees to Fremantle are quite low; the membership fees to WATA are higher. But, to their credit, they have come up with a way to transition into a new entity. There are issues over the museum. Fremantle has a lot of history and does not want to see it lost. It has an identity, a brand, that it does not want to see lost. I am aware of all this because we have consulted with them quite a lot and they seem to be working towards a common goal. Our role in this is, instead of using a stick to bring about a process, is to recognise and respect the history of each and to come up with a structure that works. We are really a broker in this, as opposed to an architect—if that makes sense.

**Hon MATT BENSON-LIDHOLM:** Okay; that is fine.

[8.38 am]

**The CHAIRMAN:** Question two: another issue that has been raised with the committee is the need for greater transparency through additional external reporting measures. Some suggestions that have been made to us include reporting to stakeholder interest groups and/or individual stakeholders in a forum similar to an AGM. The point was made to us by some people about whether there could be some sort of annual meeting where RWWA could talk to the industry and say this is the year that we have had—it could be made some sort of proper forum—we are handling industry funds here and we want to tell you how we have handled the funds and how we are going to take industry forward. Do you have any comment on that?

**Mr Burt:** Chairman, that is exactly what we are proposing to do.

**Mr Bowe:** I think that is a reasonable suggestion, Mr Chairman.

**Mr Burt:** We are actually down the track of that in the last, as you have seen from our responses to you. We have had, as one of our staff calls it, an outreach program where myself and others go out there and the code directors go out there. When I say “out there” I mean we go to pretty much all of the regional areas other than maybe Carnarvon North—purely due to tyranny of distance. We take a roadshow and we do presentations and we consult with them and say, “Here are our financials, and you have got the data there.” We talk about the year we have had, the year ahead, our financial situation, how we do the programming and how we do distributions, other than the normal racing-type consultation that we do.

**Mr Bowe:** I think there is an additional element here where there could be more board participation at these sorts of AGMs; in other words, perhaps the chairman and as many of the board as possible.

**The CHAIRMAN:** So you would not see it as being one meeting for all the participants?

**Mr Bowe:** I would see one meeting where—most probably we would need to talk to Richard and the board about this—but there is always some benefit, I think, in the chairman and full board giving a report on the year-end results and what is happening, but I would not see that being a roadshow all around the state. That would not pre-empt the quite extensive travel that Richard and the individual code representatives do in any event at the current time.

**Mr Burt:** So Chairman, what I was leading to is that we have done that, we have done that sort of consultation, and what has come to a head is that it is one thing for us to go to Bunbury and consult with our community and another to go to another area and consult. But the benefit of actually bringing people together is that they get to bounce off each other, they get the benefit of talking about things. So, what we were working down the path of—we are doing the same thing with our agents—we want to bring the industry together for, say, two days. And we do not actually just present information, but we go through a number of issues that are on the table at the time.

**Mr J.J.M. BOWLER:** So you would almost workshop issues?

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**Mr Burt:** Exactly.

**Mr Bowe:** We do publish an extensive annual report —

**The CHAIRMAN:** Yes, I understand, but so do big companies but they also have an AGM.

**Mr Bowe:** I know, they do have an AGM, that is the point you are making, and I think we will take that on.

**The CHAIRMAN:** I think what the industry has been saying to us is, “We would like an opportunity to be there and to have RWWA explain to us what happened,” and if we were all there representing our different bodies, as Mr Burt said, we could bounce off each other, we could hear the concerns of other sectors. But you are taking that on board.

**Mr Burt:** We want it to be more than that though. We want it to be things like, where—and we have 50 clubs—if you can have as many people as possible — We are just trying to work through at the moment whether we have three codes or the codes come together as one, and they break off into separate codes to focus on the issues and harness those, because you respect they do not always necessarily think aligned. The greyhounds think differently to thoroughbreds. We are just working through the machinations of that. Typically you would come together like an AGM, and then you would go off into these sort of workshops to talk about programming, sponsorship and things, where they can get ideas from others. Because there is a lot of best practice going on in one but not in another so you share that.

**Mr J.J.M. BOWLER:** : You may even say Country Racing Victoria or New South Wales could bring someone over to speak to your people.

**Mr Burt:** Exactly, we are open to that type of thing.

**The CHAIRMAN:** Okay, very good. Question three: with regard to consultation, I understand RWWA relies on a number of consultative groups to interface with the broader industry. Consultation with the industry is a significant issue given that it is a requirement of the legislation, although how that consultation is conducted is left up to RWWA. A major issue that has been raised with the committee is that there is a lack of meaningful consultation and that many feel that matters brought to the consultative groups are already a fait accompli. The consultative groups were saying to us often that they called in by RWWA and told, “This is what we are going to do”, but they are not given any opportunity to have input into decision-making process; it is already a fait accompli. Do you have any comment on that?

**Mr Bowe:** Richard or Bob would you like to talk about it —

**Mr Pearson:** Chairman I chair the thoroughbred consultative group and whilst some clubs may feel that they are being disadvantaged, we do listen to the people who represent those groups, and at those meetings there is always a chairman or representative of country racing, a chairman or representative of provincial racing, metropolitan racing is represented, plus also the various other training groups, jockeys’ groups et cetera. In the thoroughbred area we ask for items to be placed by those groups, and I would say that the average we would have at any meeting would be one or two things that are put to the groups, but in the main we have no items that are presented to us from those representative groups. Regarding the other two codes, I have chaired one harness consultative group in the absence of their chairman, and there seems to be a lot more meat on the table from the various representatives. However, it is a consultative group and we consult with them, and I feel that at times, whilst in initial stages it might have been felt that we might have been being a little bit dictatorial, in the later stages, particularly in the last two years, I feel we have been very consultative and there have been areas in which we have put some things up to the consultative groups and they have told us why it would not work, or should not work, or should not be done, and we have gone back and make adjustments accordingly. It is a difficult thing when people represent groups and some small individual clubs may feel that they are being left out, but unless the

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representatives that come to the meetings bring those things to the table — At those consultative group meetings that is what we talk about.

**The CHAIRMAN:** Does anyone else have a comment on that?

**Mr Burt:** Chairman, if I may, the interesting thing about racing, as many of you know, is that you have very divergent opinions; there is black and white. Rarely is there unity in racing, race dates, number of meetings, classifications—whatever you want to call it—grading of greyhounds et cetera. There is black and there is white. I found this in my nearly three years as being CEO. The industry, at the end of the day, says, “RWWA, make a decision.” So what we find is that when we consult, if a party is aggrieved because they have not got their way, they come out with, “Well we have not had a say, it has been a fait accompli.” The other people go, “Well no you have finally made a decision.” And then we go the other way—it sometimes feels like being in politics I have to say—and we are not qualified at that, but we find it very hard to please all parties, and you have read about recent challenges that we are facing in the harness industry. It is not a business of trying to please all parties—you do not want to upset people, you want everyone to be accepting of what has to happen—but you do find that there are aggrieved parties and we cannot please everyone—either the dollars do not stretch far enough or the programming is not voluminous enough. So there are people, because they did not get their way, who say this is the case. The classic case in point is in New South Wales where the industry is just up in arms and in turmoil, because racing New South Wales is trying to do something with the level of conviction, probably a little bit autocratically, but there are many people who are unhappy with the way they are doing it. Now we tend to do it in a much more consultative way, and quite honestly a lot of the feedback that we get when we go to the field is, “Just make a decision, will you.” So they want decisiveness, but the moment you act decisively you get labelled as autocratic. So it is a balance.

**The CHAIRMAN:** So if you were going to make a decision to, say, take some race meetings off the club, would you normally talk to the club first and say, “This is what we are considering.” Or, has there been an instance where you felt you had to make a decision, and you made it and you just informed the club that they will have two fewer race meetings next year.

**Mr Bowe:** The most recent example is in relation to the Geraldton harness —

**The CHAIRMAN:** We are going to talk about that a bit later.

**Mr Burt:** We might talk about a less —

**The CHAIRMAN:** Say something like Mount Barker, where you took two meetings off Mount Barker; were they involved in that process or did you say “We have had to come to this decision, this is the decision we have made”?

**Mr Burt:** Mount Barker and Geraldton, because they are in the strategic plan, we have gone to the nth degree with consulting on that one, so that is almost like an unusual one. If I can just talk about day-to-day type programming in prior years, because I think the other cases are unusual, I can happily talk about them but — So historically where we go, for example, in Williams there are three meetings and we would like there to be two. That is typically something that we keep within our boundaries, if you like. We do not just put it out there, because the press get it and all that type of thing and it gets blown out of proportion. So what we do is develop the racing calendar; the harness manager would work with his team to develop the racing calendar based on the plan that we are going down. He would then talk to the club and say “This is what we are planning on doing.” The club, if it has increased meetings, quite often gets pleasantly surprised, and if it is a decrease, they go the complete opposite way, and then we get, “Well, it’s a fait accompli.” So you put it out there for feedback, you know what the feedback is going to be and if you are clear in your conviction about what you are trying to do—like in the case of a non-vision venue we want to put it to a vision-based venue because of the revenue and the sustainability—then we follow through on that.

[8.50 am]

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But the way the aggrieved party sees that is that there is no consultation.

**The CHAIRMAN:** Can you recall an instance when a club has been able to convince you to not take that one meeting off them or to make a change in their programming?

**Mr Burt:** There have been changes all the time in the program in terms of allocation of race dates, like the actual days on which they want it. In the harness industry I know in the last two years our harness manager to his credit has completely changed the way he has done it. In the past he would say, "These are the race dates; this is what I think is right; there they are." And as of a couple of years ago, it is a bit more time consuming but we have gone back to a process of getting all of the country people together and saying, "Right, you guys know; like Busselton, you do well when the summer's on because all the people are down there. Bridgetown and all these sort of Collies, what do you want?" So, he has now got people in, and gone, "What do you want?" and we try and fit in with what their program is. So that is a change of process.

**Hon MAX TRENORDEN:** Mr Pearson, could I just suggest from going around and talking to people that there is a distinction between board-type decisions and consultation and administration-type consultation. I do not think the people out there think about that, but it may be worthwhile as an organisation that you give a little bit of thought about it; because as board members you have got a distinctly different role than administration. And people out there do not think that through. I agree with your CEO: most of the issues are about administration, about the irritations and the quirks and the perks that occur on a day-to-day, robust basis as against an umbrella policy for racing and gaming. My opinion is that is part of the irritation.

**Mr Pearson:** Mr Trenorden, I can accept that but the question that was asked referred more in my opinion to the consultative groups that do meet, and that is done at a board level with senior executives of RWWA in attendance as well. But I concede that perhaps it is more of a need at some stage, as Richard has pointed out, how he goes out with key members of his staff to meet with as many clubs as possible, but obviously it is not every month.

**Mr J.J.M. BOWLER:** You say that, yet just this year the Golden Mile Trotting Club was advised three or four months before the season starts that you wanted to totally change the nights they race—three or four months before the season starts. If you look at question 14, and I do not want to jump all over the place, but in Victoria they give them five-year plans—four months as to five years. The Golden Mile Trotting Club has always raced on a Friday and I think they were told four months before the season starts, "Here you are, you're going to race now on a Thursday." And of course let us say you have a business that opens Thursday nights and you are one of the main trainers there, suddenly you are gone, you cannot participate. In the end they did consult. They went from always racing on a Thursday to being told, "You're going to race on a Friday," told they were racing on a Thursday and ended up racing on, I think, a Saturday. Is that right?

**Mr Burt:** A mixture. Chairman, if I may, a significant change that occurred to the Golden Mile club, nothing to do with the club's issues historically, is that Sky 2 came into being. Sky 2 came in on 1 April—a fitting date. On that day the harness manager had to completely revisit his racing program, which he would normally work on; he does not work five years in advance. And, in fairness, Racing Victoria and others do not work five years in advance to the meeting on a day. They give out broad indications. They do not give, "Here's your race days five years out." But I take your point. When Sky 2 came into being, the whole program changed because the threat to the Golden Mile was, "If you race on your traditional days, you won't get Sky Channel." That was the threat from Sky Channel: "If you race on that day, we cannot guarantee you time slots from Sky." So the harness manager, to his credit, sent out a program that said, "We recommend you race on this day." The Golden Mile had historically said that it is open to the idea of racing on those dates, and there is actually argument within the committee because the committee came down and they argued in front of us, "No, this won't be too bad—yes, it will be." So, again, not clear and decisive. In the end, because this all started from 1 April with Sky Channel saying, "We now have two vision



channels, we're going to make these changes", we adapted very quickly. And the Golden Mile came out the beneficiary of that change and they have actually got a terrific program now which they are reasonably happy with. So, the cause and effect there was Sky Channel saying, "There isn't Sky 1 any more; there's Sky 2, or Sky 1 and 2. Harness is going to be bumped. You won't get your race days guaranteed on 1." And I think our harness manager, to his credit, moved very quickly in consulting with the industry and putting out a new program. And then we met, because I was physically there, with the Kalgoorlie committee, and they ended up being quite receptive to it. The one thing that they did push was, "We'd like a minimum of 15 meetings", as opposed to the 14 they have got, which is a constant debate that we have about the number of meetings.

**Mr J.J.M. BOWLER:** But just on the introduction of Sky 2, and we have also seen it with Geraldton, surely the programming and some consultation between Sky 2 and the rest of the industry in Australia must have taken place well before the introduction in April. They did not wait until the day they started and said, "Now we're going to start throwing meetings into this vacuum." I assume they would have consulted with all the states at least six months before.

**Mr Burt:** They did not. The bizarre nature of this is we wrote to Sky Channel for the three codes saying, "We understand you might be coming up with a new program"—because we received a letter, not as a racing provider but as a wagering customer—"and you are coming up with a new channel. Can we lock in race dates?" They said, "No." We knew on 1 April. That is how ridiculous this whole thing and that is why I say our harness manager did a particularly good job, as did the other two, in locking away race dates with Sky Channel.

**The CHAIRMAN:** I think we are going to talk about vision a bit later anyway.

**Hon MATT BENSON-LIDHOLM:** Mr Chairman, can I just ask on one area.

**The CHAIRMAN:** On question, sorry?

**Hon MATT BENSON-LIDHOLM:** On what Mr Burt has been talking about, if that is possible.

**The CHAIRMAN:** About vision or?

**Hon MATT BENSON-LIDHOLM:** No, it has nothing to do with vision. We were talking about consultative sorts of processes and I just wanted the board's reaction to the question that I wanted to pose, and that was basically: in relation to the strategic direction papers that came out a number of people, particularly people who were part-time trainers or people who were owners, came to me and said that they did not have the capacity to be able to attend some of these meetings that were held once the papers were delivered to the general public. Do you have any response to that and can you give us some sort of idea as to how you believe these particular strategic direction papers were successful in terms of conveying a message, given the fact that a number of people came to me and said, "Look, we didn't have the capacity at short notice to be able to attend those particular meetings"?

**Mr Burt:** Certainly. We put the papers out. In the papers we included the dates and the venues that we were going to be attending. If people could not attend those venues, the booklets were mailed out to the industry. They were able to put a written submission in. I think there were 17 consultative sessions—18, sorry. We did another group at Byford because they could not make the first one.

**Hon MATT BENSON-LIDHOLM:** This is across the board or not, not necessarily talking about harness racing?

**Mr Burt:** But across the state of Western Australia 17 or 18 consultative sessions were held for two codes and they were combined generally. The only ones that were separated were the specialist ones like at Perth Racing or at WATA. When we went to Albany we sort of did both; so there would be one one night and one the next day. So, it was a fairly exhaustive program because I went pretty much to every one of them and I can say that certainly there were groups of 30 or 80; it was not the whole industry, but there was the capacity for people to put in written submissions. And we

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encourage clubs to put things out for their trainers and owners, you know, on the time lines and things. So, I think we ended up with a significant number of responses. There were 40-plus responses that came in from clubs and individuals.

**Hon MATT BENSON-LIDHOLM:** For the record, can you just indicate to us how many non-metropolitan meetings of your particular board were held to convey the various messages to people; because a lot of the people are saying to me that they would have spoken in person rather than read something and then make a submission?

**Mr Burt:** If I can do it in reverse order, there were three metropolitan. There was one at Perth Racing, one at Gloucester Park and one at Byford. So the balance would be 15 roughly were held in the country, and they were typically places like Geraldton, Northam, all the major provincial centres and within that.

[9.00 am]

**The CHAIRMAN:** I think we have covered question 4. We have sort of covered question 5. It was raised with the committee by some groups that under the previous system before RWWA, in harness racing there were district councils, and there were opportunities for these country-based stakeholders, who would meet independently, and then these groups would take up the issue with the principal club; so you had this regional representation, and they would have these meetings with the principal clubs. Do you have a comment on that? Do you think that the system that is in place now covers that equally to how it used to be covered before? Can you make some comment on that?

**Mr Pearson:** I think the act specifies that there are recognised bodies for the three codes. If my memory serves me correctly, the act does not specify regional councils as recognised bodies—but the encompassing councils being country, provincial. In the harness industry, it is a little bit different, and there is a country recognition. However, the regional councils are not recognised in the act. But there is still no reason, from where I sit, that those regional people could not get together and then make submissions to the body that represents them.

**The CHAIRMAN:** Form their own council.

**Mr Pearson:** And form their own council. It does not need RWWA to do that. That is something that they could do. But, as a recognised body, to come to the consultative group meetings, you need to be part of the recognised bodies.

**Mr Burt:** The problem we have with the consultative process is that there are effective bodies in place for the industry to unite and bring their ideas forward, but they are constantly pulling each other apart. If you take the harness industry, for example, there is the WA Trotting Association, Fremantle, that sits at the table; we have the reinspersons; we have BOTRA, which is the Breeders, Owners, Trainers and Reinspersons Association. So we have overlap there. Then we have the WA Standardbred Breeders' Association, WASBA—I forget all the acronyms. Then we have WACHRA, the Western Australian Country Harness Racing Association. So there are more bodies that people can come through than necessary, and that is great, but what happens, typically within BOTRA, is that you end up with accusations from the small to the large that, "This is all about elite racing. You don't have the interests of the hobbyist or the community racing person." Within the breeders, it is all about the mares; it is not about the sires. We will end up with the mares breeders, the sires breeders. We will end up with the small BOTRA, the large BOTRA. We will end up with country, which is small committee. Within country—WACHRA—you have a situation where Pinjarra will not be part of it, because they see themselves as above, or as more elite, than what the country see themselves. So we have these polarised cells that create an ineffective consultative process, and so the industry is constantly going through change and reform of how they can do it better. But I have to say, even if you went regionally, I do not believe that would unite the industry.

**The CHAIRMAN:** As the controlling body, though, could you come up with some sort of framework that you could take to the industry and say, "If you want better consultation with us,

why don't you form yourselves into these groups?" so that you will not have one group overlapping another; or have you already done that?

**Mr Burt:** I could draw you a template right now that would set out how we think the most effective harness consultation should occur, and the harness industry would not agree.

**The CHAIRMAN:** But you have done things before that the harness industry does not agree with.

**Mr Burt:** I know, but I am trying to say, with respect, that—it is a very frustrating thing for us—we look at the way in which the industry comes together through its various bodies and talks to us and works with us as very important. But when we see it falling apart, we want to get involved, and then we have to stop short of doing that because we come back to, "RWWA is being autocratic", and we come back to our functions, and that is they are a recognised eligible body. So we really put back to BOTRA, "Please get your house in order and sort out what needs to happen." It is the same with WACHRA et cetera. The bodies are there; we just need the functionality to occur; and unless we go in and set the rules, which we stop short of doing, we are just going to see a continual churn.

**Hon MAX TRENORDEN:** There is another option: we can set the rules. That is one of the reasons why we are asking you the question. That is some of the feedback that we have been receiving. From a political point of view more than a management point of view, there is some benefit in getting these people together to let some steam off before they actually get to you. So we have had that argument put to us, and I would suggest both sides of the argument. But one of the options that we do have is to recommend changes to the legislation so that there is a recognition of just the naming of these groups. That does not make anybody do anything—and I agree with you immediately; there will always be that dissent in the process. But if we actually said that there is going to be one trotting country group; that is it; there is one. That is why you have the question on the list, because it is one of the considerations that we have.

**Mr Burt:** We currently have one country harness group, and we have elements of it saying, "We're not part of that", and other elements of it at the community level saying that it is ineffective because —

**Hon MAX TRENORDEN:** But what I am saying is that we could specify it in the legislation. Right now it is open. Once it is in the legislation, it is no longer an argument. I am not saying that it is going to fix it.

**Mr Burt:** We would appreciate having input into however that gets said, of course, because we can observe what is functional and what is dysfunctional.

**Hon MAX TRENORDEN:** I have no idea how we will go—we have not got to the deliberation stage yet—but it is one of the options.

**Mr Burt:** We would appreciate having a contribution to that. I guess we have stopped short of it because, again, we do not want to interfere in how the industry talks within the industry. But I recognise Mr Trenorden's comment about letting off steam. That is quite true; they certainly do let off steam when they meet on occasions. When they meet with us, there tends to be not a lot of steam; it is quite respectful and it is quite functional. The problem we have is not when we are talking to the industry about, "Here are the issues and this is what we plan to do et cetera. What's your view?" The problem we have is that you will have a person there representing the owners, and he represents one voice—not the owners; one person—not the 500 people, because the others go, "He's a waste of time. I didn't elect him. I don't want to come along." So you end up with a person coming along to the table with one view—not, "I'm here representing my constituents." So the process tends to fall apart a bit.

**The CHAIRMAN:** In that situation you would think the owners' association would make recommendations for their representatives to take to your meeting.

**Mr J.J.M. BOWLER:** But very often they do not meet that often.

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**Mr Pearson:** The other problem is that exactly what you have said is what we issue, but we also assume that those representatives are then going back to their bodies and passing on what happened at the meeting, and we have subsequently found that in fact many clubs are telling us, or many owners are telling us, that they do not know what goes on at those meetings because they do not get any feedback from the people who have represented them at the meeting.

**Mr J.J.M. BOWLER:** In these days of modern communication, why do you not disseminate that information back to all those clubs electronically? It can be done very quickly and cheaply.

**Mr Burt:** The clubs are quite effective, because most are on email, but when you have a representative from the thoroughbred trainers, for example, or the thoroughbred owners, or the same in the other codes, you think, sitting at the table, “We’re talking about issues affecting training.” In the strategic plan, for example, we are talking about the cost of training and the contributions, and you have a representative there. If that person goes, “That’s fine”, but there are 200 trainers behind him who do not know anything about it, and we send out the minutes saying, “This has been agreed to”, quite often we will not get anything back from that even. But what you have is an ineffective communication within that group, because they do not meet often and they do not get unanimity of decisions. This is our process. We are almost consulting with each member of the industry one on one, and if the eligible bodies —

**Mr J.J.M. BOWLER:** To be a trainer, you have to be licensed. Therefore, you would have all the contact details. I assume almost every trainer would have an email these days. Why do you not deal direct? You would not bypass the associations, but you would just let these people know, from your point of view, “Here are the minutes.”

**Mr Burt:** It is getting to that point.

**The CHAIRMAN:** Yes. Would you be prepared to do that?

**Mr Burt:** If we could get the electronic details, because we are trying to drive a more modern age in the way we transact with our industry. A lot of it is still face to face and paper based. We are trying to go online and there is some resistance, but that is moving. It would appear that that is the only way to truly get the information through, because people cannot make meetings or they do not believe he represents them or whatever it may be.

**Hon MATT BENSON-LIDHOLM:** It sounds like the only way to go. You consider how banks operate and how all of us who are salaried officers or whatever are paid. If it can be done at that level, it can be done at any level. I am thinking not just about trainers, but owners and people who work in the industry, whether it is in greyhounds, harness racing, thoroughbreds—you name it. It sounds like an imperative as far as I am concerned.

**The CHAIRMAN:** You also have another problem in that there are a lot of people who own racehorses who are not members of the owners’ association.

**Mr Pearson:** Chairman, I was going to bring that to your attention. There are also a lot of trainers who are not members of the trainers’ association, and there is no compulsion anywhere for them to be members of those associations. People do come and represent the word “trainers” in good faith, but in fact they probably represent only 15 or 20 per cent in some codes, and as far as the owners go, it is probably closer to 10 to 15 per cent of owners who would be members of their association. A lot of them chose not to be so.

[9.10 am]

**Mr J.J.M. BOWLER:** Once again you have contacted people who have registered to be an owner of a horse, maybe that is something —

**Mr Pearson:** Provided we can get past the Privacy Act, Mr Bowler, and have that incorporated when they register as an owner.

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**The CHAIRMAN:** But you are very happy with your contact with the clubs because that is on a more regular basis, whereas the associations —

**Mr Burt:** It tends to be more structured, does it not, because they meet more regularly. They are dealing with issues, and you tend to have a secretary or an anointed person. The trainers, the owners, the breeders—they are all doing the right thing. They are representing their people in the best way they can with us. There is no criticism of that. It is just that the people behind them are mixed in their opinions. What we may have to do, which is very straightforward, when people register with us, we have boxes you tick, “Do you want to receive direct communication from RWWA?” It is an opt-in. You do not get spam and rubbish mail. We can disseminate information. You are right about today’s electronic age, but it does add to the bottom line and all those types of things. But it seems to be the only way you can actually communicate with all of the industry participants.

**Hon MAX TRENORDEN:** You just described to me WALGA, as far as I am concerned. That still operates. There is some minor advantage in groups getting together before they talk to you when they are talking about regional-type issues. As you know, provincial clubs have still kept on meeting. Perhaps we need to think about that. Some organisations probably are not worth a great deal but the provincial clubs that are still meeting do so because there is a benefit to them.

**The CHAIRMAN:** I do not think, Mr Trenorden, that the clubs are as much a problem as the associations of owners, trainers and jockeys where not all are members, not all attend the meetings, and when a decision is made it will impact on some more than others. There are big trainers, small trainers and hobby trainers—it is very difficult.

**Hon MATT BENSON-LIDHOLM:** There are always vested interests.

**Mr Freemantle:** I think that sums up the real problem. When dealing with the clubs, the polarisation of views within that group is far less than in the association where you get some views that are poles apart and have to deal with the trainers who have views ranging from there to 180 degrees the other way. You are quite right—dealing with the associations and trying to get any consensus that the trainers want this; some trainers do, some would be diametrically opposed to it and some do not care, or might fall either way depending on which day of the week it was—this really is an issue, this polarisation of views, within associations or people with whom we deal. That leads, I think, to a lot of these sorts of issues like, “We get presented with a fait accompli”, and some of those sorts of things and explain some of that, too.

**Mr J.J.M. BOWLER:** You are right, obviously within an association some clubs know that if the neighbouring club loses a couple of meetings, they are probably going to pick them up. They are stabbing each other in the back while they are smiling at the meeting.

**Mr Freemantle:** Quite so.

**The CHAIRMAN:** We will move on to question 6. This one has been raised with us by a number of stakeholders mainly in the country—the need for a go-to person for country clubs in the day-to-day dealings with RWWA and/or a direct number to call. Some of the organisations felt that at times they have not had a person between themselves and the main administration, or themselves and the board, that can be the liaison person for them. When clubs have a problem or they want to raise an issue, they would like to be able to take it to someone; someone who might travel around to the country clubs. I know you said that you and senior staff have been doing it, but do you see any merit in this, or do you have any view on this?

**Mr Burt:** I believe that we have the structure to be able to deal with this. It is just that we possibly have not had the willingness. We have got the bodies. We do not need more bodies because we are trying to run a cost-effective organisation. We have to open our minds to a different way of doing things. Across the three racing managers that we have at the moment, they are the ideal people for the participants—be they breeders, owners, drivers or trainers—and the clubs to go through because

they manage the handicapping, they manage the race programming and pretty much everything to do with their code. If they are approachable, they are the ideal people. That then raises the question: what do they do to be approachable?

**The CHAIRMAN:** They might also be very busy. I think the point is made that if you are ringing to talk to someone who is really busy doing handicapping or whatever, you cannot always get through to them because they might be flat out doing other things.

**Mr J.J.M. BOWLER:** The feeling is that Gloucester Park or Perth Racing can walk around to see them, and they cannot.

**Mr Burt:** The point being I think we have got the right structure. It is the accessibility to the person. If we have got a Matt Skipper who is operationally “I am too busy” or it is a mindset—which I do not believe he has—that “I’m too busy”, then the door is shut. What we have to do is basically free up Matt because he is technically the best person for harness, David Hunter for thoroughbreds and Mark Bottcher for greyhounds. They are brilliant people that know their product and know the history and the way forward. I rely on them through Ken Norquay, the head of racing, to drive the racing product. They are the go-to people. We do not need more people. What we need is the operational element taking the heat so that Matt, David and Mark are free to be able to consult. They need to go to the field and meet with these people. So when they are in a room and they get bombarded with, “Why do we have these race days? Why do you have handicapping?”, they are the font of all knowledge. If you have a liaison person or a go-to person, they will constantly say, “I do not know. I’ll come back to you.”

**Hon MAX TRENORDEN:** Can I suggest that is a sensible outcome but it needs to be stressed to the clubs there should be a limited number of people making that input as well. You cannot have every chairman and every interested person in every club ringing those individuals.

**Mr Burt:** The thing that I recognise is that the views that are coming out of a lot of this process, the review of RWWA, is historical—going back to the start of RWWA. If you went to thoroughbreds, harness and greyhounds and asked, “In the past 12 months, has RWWA opened its doors a lot more? Are they a lot more accessible? Is there a go-to person?”, I think you would find there would be a difference of opinion. It is not perfect but it can be improved.

**Hon MAX TRENORDEN:** I would agree with you maybe with the exception of those other clubs you talked about—the inaccessible clubs. There is a bit of a view that there is a wall that they cannot get through.

**The CHAIRMAN:** But you believe you have got the structure to address this?

**Mr Burt:** Any club that ever rings me or writes to me and says, “I want to meet”, they get a meeting. There is never a “No”.

**Hon MAX TRENORDEN:** I think it is more about the little niggly issues.

**The CHAIRMAN:** Things that they would not want to ring you about. They may want a bit of directional guidance from someone who is a middle person.

**Mr Burt:** But I need to drive a culture which is “the door is open, I am accessible, I am free of my operational responsibilities”. I have people doing the work so I can be accessible. They are the knowledgeable people who can then say, “We didn’t do that because of this” rather than “I’ll go and find out.” It is more effective.

**Hon MATT BENSON-LIDHOLM:** Where do industry participants go if they cannot get hold of someone like a Matt Skipper? This particular point, as John Bowler has just pointed out to me, is certainly something which tends to prevail more in the country than it does in the city. As Max Trenorden said, in the city you can front up to the office and demand to see someone and you will get somebody, but if you get on a telephone in Albany, Kalgoorlie, Busselton, Bunbury, or

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wherever else, it is difficult. People have work schedules and the like. Where do people go? Are they necessarily referred to you in your role as the CEO?

[9.20 am]

**Mr Burt:** No. Depending on the matter, most of the time the first line of contact would be if it was typically a club matter about programming, race dates, Sky Channel coverage, that type of thing—which is a lot of queries—other than the operational stuff of handicapping, race nominations, they would go to an Alan Parker in harness or a Matt Skipper in harness. If there was a contention that “Look, I either can’t get him; he’s on leave” or “I’m not happy with his answer” he would go to Ken Norquay that person’s manager, so there is always a default. If it escalated further, it would come to me.

**The CHAIRMAN:** Let us move on because time is against us and we are running a bit behind the clock. Question 7 we have covered. Question 8 is about the issue of liquor control requirements, which have impacted on country clubs in particular. Since this matter impacts on the conduct of race meetings and, by extension, revenue with clubs having to put on more control officers and paying fines in some instances, has RWWA engaged in any sort of advocacy on behalf of the racing industry? Do you think RWWA has a role in this regard? I will inform you that we have had discussions with the department about this, so we are well aware of the impact but we just want to know whether RWWA has —

**Mr Freemantle:** Chairman, sorry to interrupt, but just for the record I declare that I am the chairman of the Liquor Commission. Therefore, I might be either very valuable or have to leave the room! I am not sure which.

**Hon MAX TRENORDEN:** We will add to the crucifix just outside the door!

**Mr Freemantle:** I have nail holes already from that job!

**The CHAIRMAN:** So the question is: has RWWA advocated on behalf of the industry about this area that is being seen as a problem area?

**Mr Bowe:** Let me just start proceedings. We are well aware of the issues involved, obviously, and the sensitivities and the impact on the operations of clubs, not only in country areas but also Gloucester Park and Perth Racing in particular. We are concerned with the heavy—Jim is here —

**Mr Freemantle:** It is all right; I have a thick skin.

**Mr Bowe:** We are concerned with the sometimes seemingly heavy-handed policing of liquor restrictions on these clubs. Behind the scenes, obviously, we take an interest in it. We have John Nichols in the minister’s office advising him on racing issues and who also has an input in liquor-related aspects and we use that device in order to get our views across. Whether we have done anything more formally than that, I am not sure. Richard, if you could sort of —

**Mr Burt:** Chairman, I have personally spoken with Barry Sargeant about it. I have tried to find out where the problem emanates from because the big issue for the country clubs in particular is this one to 100 security ratio. It is all about: if we hold a meeting and we have 4 000 people we have to have the corresponding number of security people. It is unreasonable; we have to fly them up from Perth, it is a cost impost et cetera. The issue is not with Barry. Barry is quite flexible in his management of liquor policy. He takes the view that if the club has exceptional circumstances, it should deal with the local police and come up with a responsible service of alcohol strategy. He will look at it and if it is acceptable, he will accept it. So that is not the problem. The problem emanates from heavy-handed liquor enforcement unit attitudes of “we’re coming in and dictating to you that this is going to be it”. There is almost a sense within racing, be it country or metropolitan, that where we have large congregations of people, which clubs like to do, the authorities want to take an approach of breaking that up. It has happened at, without going into a lot of detail, Perth Cups, New Year’s Eves, all the way out through the Port Hedlands et cetera. It is not uncommon to regularly

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get fines, which you are aware of. So where it emanates from is an unrealistically heavy-handed approach to the number of security staff required and it should be done on a more targeted basis where the problems exist. In many of these country venues the security ratios that are required by the liquor enforcement unit are over the top. History demonstrates that, having been in Broome last weekend where roughly 8 000 people were oncourse and it was a very well-managed race day, Port Hedland a couple weeks before, et cetera—you end up with just unrealistic security expectations. From our point of view we have dug in and we have found out about it. We have not developed an advocacy group. We have tried to find where the root cause is and it very much comes back to clubs having to work with their local police, which works well, and trying to get the liquor enforcement unit to say, “We’ll be reasonable in working with the club and the local police to adopt a plan on a case-by-case basis” as opposed to taking a unilateral approach of “This is going to be a problem and this is how we are going to deal with it.”

**The CHAIRMAN:** Just quickly, have you any indication or any information about how much this costs the industry or some clubs?

**Mr Burt:** We have anecdotal evidence. We have not summed it and we have not lobbied on the basis of it being unreasonable, but it is an unreasonably high cost.

**Hon MAX TRENORDEN:** It is, actually, to some degree a problem with liquor licensing, because if there is an impasse between the police and the club, and the police recommend that there not be a licence, then licensing will take note of the police recommendation. So there is a problem here, which we take seriously and will have to try to do something about. The problem is under-resourced police, even in the metropolitan area, so the way to fix up the resourcing is to put the problem back on the club. It is unacceptable, as far as I am concerned. So we do need to find a mechanism for racing so that there is some sort of process where a decision is made by other than police and a licensing process that does not want to go against the police force.

**The CHAIRMAN:** Unfortunately, at the end of the day, the police will always have a say because the police are responsible for law and order and if the police say that they want these restrictions, the clubs will not be able to fight them.

**Mr Burt:** The police are doing the right thing. But there has to be an agreement between the club that is the liquor licence holder, and is responsible for all the etiquette and rules of the responsible service of liquor, and the people who are the authority monitoring, let us say, or enforcing it. The police have every right to say, “Racing, you’re creating the problem by having the collection; you deal with it with your own security resources.” You cannot really argue with that because it is not really about the police having to go around and clean up racing’s issues, so philosophically that is a fair argument. But the issue is the reasonableness of what is the right level of security that the racing industry should have to adopt. In many cases, country clubs should be able to be more flexible and able to adopt a one to 200 ratio of security to customers, as opposed to the hard and fast unilateral one to 100 ratio and that is it. Barry Sargeant, through the department of racing and gaming, is open to looking at those so he has the flexibility to be able to say, “You want a liquor licence for this day with security of one to 200 and the parties agree; yes, that’s acceptable.” But when you have an independent unit that says, “This is going to be it, I don’t care” —

**The CHAIRMAN:** We have been told it is not necessarily one to 100, it is a figure that is there but, as you said, it can be varied.

**Mr Burt:** I have seen quite a few situations, Chairman, where the local police are working brilliantly with a local club, they have a responsible service strategy in place, they believe that a one to 200 ratio is appropriate because of the low likelihood of threat—there are no after-hours bands and things like that, the duration of drinking and the way in which it is planned is quite good—and then there is a unilateral group literally tearing up that plan in front of the parties and saying, “This is what it’s going to be.”

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**Mr J.J.M. BOWLER:** By the liquor inspectors from Barry Sargeant's division.

**Mr Burt:** No.

**Mr J.J.M. BOWLER:** By the police division?

**Mr Burt:** By the liquor enforcement unit working for the police that is an extreme group within the police, not Barry Sargeant.

**Mr J.J.M. BOWLER:** We have sort of been ducking and diving and it is a major problem. I think it poses one of the biggest threats to the racing industry, particularly in the country, because without those windfall profits on their big day, these clubs, as you know, will battle to survive. Do you think we will continue to have a problem where we have two departments controlling the same problem; in other words, the police and Barry Sargeant's division, and that somehow or other we need to look at the legislation and get one department in charge of it?

[9.30 am]

**Mr Burt:** Chairman, I can humbly suggest from an operational point of view—because I am probably the one more exposed here—that I think you have a very good working relationship between clubs and their local police.

**Hon MAX TRENORDEN:** I agree.

**Mr Burt:** Barry Sargeant's team is doing the right thing; they ask the two local stakeholders what they want to do, and they say, "Yes, I find that acceptable—tick." But when you have an overarching police extreme group that is saying, "No, this is what's going to apply", that is where it breaks down.

**Mr J.J.M. BOWLER:** Is the Commissioner of Police not controlling his troops?

**Mr Burt:** I have not got a view on that. It is more —

**Mr J.J.M. BOWLER:** I am asking you.

**Mr Burt:** Mr Bowler, I have not got a view, seriously. It is more an observation —

**Mr J.J.M. BOWLER:** Mr Bowe, do you have a view?

**Mr Bowe:** Yes, I am inclined —

**Mr J.J.M. BOWLER:** And if he is not controlling them, should he control them?

**Mr Bowe:** I think there should be a greater oversight of the restrictions that are being put on clubs, yes, by the commissioner.

**Mr J.J.M. BOWLER:** By the way, the commissioner told me to my face that the one per 100 was just a rough guideline, and he says it is no longer really there. I have asked him to make public statements to that effect, but he does not, but anyway.

**Mr Burt:** To answer Mr Bowler's question, the ideal situation would be that the local police are empowered not through the liquor enforcement units, but the local police are empowered to be able to work out a plan of responsible service at a club. That should be sent to Barry Sargeant, he has a view, and then they proceed, without independent stakeholders coming along from the police who do not know the local circumstances and set unrealistic standards that make the club, for want of a better word, unviable.

**The CHAIRMAN:** You would think that if the police are the local police, they would be the ones in the best position to say how many security people should be there.

**Mr Burt:** They know the local people, they know the local circumstances, they can look at the conditions, the weather, the ingress, the egress, all of that—they are the experts on the ground and the clubs respect their views.

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**Mr J.J.M. BOWLER:** Everyone talks about how budgets are always tight and the police commissioner is trying to get police into front-line policing. Do you think he has too much of a budget when he has a whole division based here in Perth, such as the liquor enforcement division, as a sort of a squad to go around and wreak destruction at community events?

**Mr Burt:** I would say, Mr Bowler, that the point I am trying to make is that—I am not evading the question—it is more the strategy going forward, rather than commenting on what is going on. The strategy going forward is local police working with local clubs, with the liquor division of Barry Sargeant coming up with a plan and it works. If there is a problem, and a consistent one, then, yes, other forces need to come to bear.

**The CHAIRMAN:** So local police at Ascot on Perth Cup day, or the fireworks on New Year's Eve, would be the Perth police.

**Mr Burt:** I believe, from a racing industry point of view, from the stakeholders I have spoken to—being Perth Racing, Gloucester Park and a number of country venues, including the far north west—is that they are very happy to work with their police. They are not trying to be people in breach of the liquor licensing regulation; they want to embrace it. They just want reasonable standards.

**The CHAIRMAN:** I just want to ask one question: are you aware of what happens in other states? The Melbourne Cup, gets 110 000 people going to Flemington; do they have to have 1 000 security guards?

**Mr Burt:** I have spoken with the new CEO of the Melbourne Racing Club, which runs Caulfield and Sandown, and while it is an isolated situation, they tend to have a bit more flexibility. There tends to be a greater tolerance of large crowd gatherings in racing in Victoria. I do not know whether it is cultural or it is the more social setting, but it tends to be more tolerated —

**Mr J.J.M. BOWLER:** Is it a more mature attitude?

**Mr Burt:** It seems to be more tolerated.

**Hon MATT BENSON-LIDHOLM:** Having attended some of those meetings, it is a very liberal attitude by about 5.30 pm on Melbourne Cup day.

**The CHAIRMAN:** We understand what you have said now.

**Hon MAX TRENORDEN:** I just think it is useful for us, because we have decided, as you have heard from members, that this is an issue, could you rate this for us: in terms of an issue for the industry, where does this rate? As you are out there trying to administer a racing industry, how big a problem is this? I have seen many of these security guards myself, and they are built like me and could not run out of sight in a week, and they really could not, in real terms, be a security officer and can only fulfil a percentage of a role. How big a problem is this for the industry?

**Mr Burt:** It is significant. I have observed this personally, having taken my family to Gloucester Park, for example, but when you go to a race meeting and the whole premises is liquor licensed and your kids—I have young kids—walk away from you and that person gets pulled up and you almost get fined for your child being 15 metres away, I think we are going to an extreme. My child was not drinking—he is eight years old—and he was not out of my sight; he was out of my arm's length. I think we are going to an extreme when we get to that end of the argument. For clubs that have to manage these sorts of issues, we are dealing with a sort of an eight out of 10 in terms of importance to a club. I am sure that this is manageable with a reasonable approach. There should be no tolerance for bad management of this; there should be no tolerance of that. If clubs were to be given a chance, let us say, through this process or others, and they stuff it up, then they deserve to get what they get. But I think what they are asking for is to be able to run their business with that chance.

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**The CHAIRMAN:** The other point that was made to us was that there was a time at Perth Racing when they encouraged all the young people to go on Perth Cup day, and apparently it did get out of control a bit, but that has been changed.

**Mr J.J.M. BOWLER:** The way they sold the alcohol was not right—well, they did not sell it.

**The CHAIRMAN:** You could buy a ticket and drink as much as you liked, and all that sort of stuff. There were some problem areas in that, but you are saying that these things can be worked through, and the clubs want to work with the police.

**Mr Burt:** I know the people at Perth Racing recognise that there have been issues in the past and they are willing to fix them. They want to work with local police to be able to put a reasonable solution together. In fact, over the last two Perth Cups, having been to both of them and kept an eye on this myself just as an observer, they do that. The CEO is personally on duty on the day, working with the local police to make sure that things are managed.

**The CHAIRMAN:** Let us move on to question 9. As was referred to before, this has obviously become quite a contentious issue. It is, basically, to do with what happened at Geraldton, with the decision to close Geraldton. There are a number of questions here about when RWWA makes these decisions to close a club or take meetings off a club: does RWWA consider the wider regional implications of reducing meetings and/or consolidating clubs; do you have an opinion on whether the minister should be involved in decisions such as these? Some people have suggested to us that the clubs do not have a right of appeal, and that if RWWA makes its decision, that is it—the decision is made. Some have suggested that maybe the minister should have the right, which, obviously, under the act he does not have now. Do clubs have a right of appeal? Well, obviously they do not. Could you comment on what cost savings will be realised from the closure of Geraldton; and, in terms of the decision to close Geraldton, other than the local population of horses and trainers, which is the main reason cited for the closure, did RWWA take into account any other factors, such as the anticipated growth of the Mid West Region and the club's seemingly strong financial position? The club said to us that they were not a big impost on the industry because Sky Channel was already there. We need to just talk about the Geraldton issue, and, in general, what factors do you take into account when you have to make what is seen in the industry as a pretty significant decision?

**Mr Bowe:** Let me make a few observations first, if I could, in relation to the harness industry generally, and then we can broaden into the aspects that you have outlined, if that is okay. Obviously, RWWA is charged with ensuring, as best it can, the sustainability of an industry going forward, particularly in relation to harness. I just want to make a few observations on the harness industry. At the current time, it is facing formidable challenges generally, particularly on the eastern coast, and we are not isolated from those challenges over here. It is fair to say that betting on the harness industry is declining, and there are all sorts of factors involved, such as commercial considerations, which are putting stress on the harness industry generally.

[9.40 am]

Those stresses are going to be exacerbated, I believe, going forward as a result of a couple of factors, which you have questions on later in relation to Sky Channel and particularly in relation to the introduction of product fees, which is going to have an impact on harness racing generally, particularly on the eastern seaboard where racing codes are not administered in a tripartite way as they are here. In other words, there is going to be a dog-eat-dog situation in the racing industry, which is going to impact on harness racing generally. We are not going to be immune from those effects in Western Australia because anything that acts to deteriorate the industry on the eastern seaboard will have trickle-down effects into Western Australia. We are faced with a deteriorating position. It is not a fatal one by any means, but action needs to be taken in relation to trying to reverse the decline in harness racing generally. As a result of that, we have put out the strategy paper on harness racing, which firstly identified the fact that we believe that generally the number

of harness races needs to be constrained and reduced over time. There need to be factors to improve harness racing generally. The Australian harness racing industry bodies acknowledge the problems, but there does not seem to be any great moves to introduce innovation, change et cetera in order to improve harness racing. We are faced with that difficult position in relation to what we do with the programming of harness racing in Western Australia. We took the view that in order to reduce the number of meetings in the best way practical, it would be appropriate to close Geraldton. That is all I wanted to say by way of introduction, Mr Chairman. But I will ask Richard to make some observations and comments.

**Mr Burt:** Chairman, I will run through your questions, if I may. Do we consider the wider regional implications? Very much. RWWA, in its six years, has not closed a club. This one in particular was given a great deal of thought, and it was a last resort, if you like. It was not something that was treated lightly and, yes, we looked at the wider regional implications. It was actually why Geraldton was selected as the way in which to reduce meetings, because, as you are probably aware, 10 per cent of the horses that race at Geraldton come out of the local area and six licensed trainers exist there. The alternative to that in reducing the volume of meetings of harness is that we do it right across the wider south west where the majority of meetings occur, or even into the Goldfields, where you have a much greater number of trainers, stakeholders et cetera in horses. We felt that it was more appropriate to do it in a selective way.

In terms of the minister's involvement, we find it very complex dealing with the interrelationships in racing. I think it is a wonderful situation whereby the minister does not have to be drawn into it, to be honest. I would imagine any minister for racing would be very happy not to have that sort of issue put at his feet, because you have the situation in which you have a governing body trying to drive a strategy for a long-term plan of racing and then you have the political forces that are saying, "Don't change", not even on closing a club but just on day-to-day things. If this business was at the direction of the minister, you would have a situation in which you would not be able to pursue your strategic direction because whatever we do ruffles feathers because of these black and white attitudes. You would constantly have people going to the minister and the minister saying, "Don't do that" and the business would die; it would decline rapidly because you cannot bring innovation and change to the business. It would become political; it is already political. We respect the view of the minister. We consult fortnightly with him in terms of what is going on, so it is not like we are at arm's length and ignoring him. But I think a good and very wise process was put in place with the RWWA act that you did not have the ability of a group to be able to say that this is the way the industry is going to run. You are better off letting the industry run itself. Can you imagine if there was a minister for AFL football and he was working on political bias and he did not let the business of football manage itself? It would become interesting.

**The CHAIRMAN:** Are you going to go through them all, please?

**Mr Burt:** I move to the third one. In terms of the right of appeal, they do actually have a right of appeal, to be fair. One decision has been made in the entirety of RWWA, so we cannot put it in the extreme that these are all weekly or monthly decision-making processes. The right of appeal was observed with Geraldton. Management went to the board in June and said, "This is what we believe should happen." The plan was out there well in advance of that, as you know. It went to the board. The club secretary or president came and presented to the board and did an admirable job. He did a very good job in terms of putting the facts on the table. It was different from management. The board was actually challenged with the two views; in fact, it did not want to make a decision.

**Mr Bowe:** We had two meetings.

**Mr Burt:** It was held over to July. What was said at the June meeting was, "What we haven't given you, board, is the bigger picture for harness and the changes that are going to need to happen over time and why Geraldton was selected as an event." What we gave in July was the bigger picture. It became compelling that change needs to happen within the harness industry within WA and that

this was the most equitable way to do it for the participants—the owners, the breeders, the trainers, the drivers—not for the club. In fact, what is interesting is that out of all the feedback that was given to the board, the participants recognise the decision. You never get support for the decision, but they respect the decision; they understand it.

**Hon ALYSSA HAYDEN:** I just want clarification on who is advising the board. You are saying “we”. Who is actually advising the people on the board?

**Mr Burt:** The board has had information independently put from all the submissions back on Geraldton. There were 20 or so—I forget how many—independent written submissions from people from Perth, trainers, Geraldton people and the Mid West Development Commission. All their submissions were put to the board independently. Their views were read by the board independently of management’s view. The president of the Geraldton harness club—I think he is president—Graham Cox, physically presented to the board. It was not like management receiving the input, changing it and presenting it.

The next question asks for a comment on what cost savings will be realised. The cost savings of Geraldton are not really the issue specific to Geraldton; it is more the need to reduce the volume of harness racing. The specific answer to that question is that there will be a couple of hundred thousand dollars in savings, which we have redistributed to the harness industry net of turnover.

**The CHAIRMAN:** Is that figure of \$200 000 specific? Someone told me \$160 000.

**Mr Burt:** No, sorry. The figure that was being bandied around of \$160 000 was when we first went to Geraldton physically to say that this was what we were looking at doing and explained it to them. The club asked us, “We turn over this. What does it cost to put it on?”—that is the stakes. They deducted it and that was the figure—the margin versus the stakes. On top of that, there are a whole lot of other payments that we make in getting the stewards up there et cetera. Broadly, the cost of running Geraldton, if you want to put it that way, is a couple of hundred thousand dollars. I am not trying to be specific on that figure. It is not a cost-saving exercise, because the majority of that went back into the harness industry in terms of other stakes payments for Sky Channel meetings and training payments. What we are trying to do is compress the volume of harness racing. I put it to you that if you had the challenge of taking 293 meetings and reducing it to 285, how would you do it? After we looked at it from every potential variable of one from the GMTTC, one from Kellerberrin, one from here and one from there, and basically getting eight clubs very upset where the majority of the participants are based, all the stakeholders recognised when we consulted through these 17 or 18 meetings—from the RWWA board director and the harness director down—the need to bring the volume down based on the sustainability and the financials of harness racing in WA. There was no argument, but the answer was: “Don’t do it to me.” So we said that Geraldton at least does it in a minimalist way of impacting—absolute to them, minimalist to everyone else. That is how we arrived at that decision.

[9.50 am]

**The CHAIRMAN:** We will have a question on that in a minute, I am sure.

Question 6 asks: did RWWA take into account the other factors that had been raised with us. We have been told Geraldton will be the second biggest city in the state outside Perth one day. There is massive expansion. The government is putting a lot of money into Geraldton and you are shutting down a trotting club, so there will be no harness presence in the city.

**Mr Bowe:** We took those factors into consideration. Obviously, we had letters from the elected representatives of the Geraldton region putting their view quite forcefully.

**The CHAIRMAN:** Was that the Mid West Development Commission?

**Mr Bowe:** Yes, the Mid West Development Commission. We took those views into consideration. This was not a unanimous view. We had robust debate on this issue around the table—more robust

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than most other issues. Ultimately, the board took the decision that, for a long-term, sustainable harness racing industry in Western Australia, we did not see Geraldton as part of that process. That, ultimately, was the view we took. I should also mention—I am certainly not attributing blame for this to Ross Cooper, the harness industry representative. As the harness representative, Mr Cooper would have liked us to be able to provide additional funds to harness, obviously, but I think the board recognises that we cannot continue to pump over-the-top resources into the harness racing industry. It has to be evaluated in terms of commercial realities.

**Mr Burt:** Just to give you a couple of statistics: The harness racing industry generates 20 per cent of the income that RWWA has from all sources—club, off-course and export. It incurs 32 per cent of the cost of RWWA's costs and training centres—all the costs of running the harness industry—and it enjoys 28 per cent of the distribution. That is significantly different from the other two codes and is in a poor state of financial sustainability, if I can put it that way. The question of having to bring change to harness has been generally acknowledged by all, but, as I say, "Just don't do it to me."

**The CHAIRMAN:** Let us ask a couple of questions about this issue because it is quite a sensitive one. It was pointed out to me that RWWA should have taken some meetings from Gloucester Park and it would have been happy to have lost some of those mid-week meetings.

**Mr Burt:** I can categorically tell you, Chairman, that it was not Gloucester Park that gave you information, because if we took any meetings from Gloucester Park, I would be sitting here answering why we have upset Gloucester Park. Their expectation is to have 150 meetings from the 108 they currently have, combined with Fremantle, so that was made by a person other than from the WATA.

**Mr J.J.M. BOWLER:** They want what?

**Mr Burt:** They want 150 meetings. That is what they want; it is not what they are getting.

**The CHAIRMAN:** Further to that, how cost effective are the meetings at Gloucester Park that are held mid-week—Tuesdays and things like that?

**Mr Burt:** The mid-week meetings are the most cost effective. The ratio that you can typically use: what do we make from the wagering margin versus what we spend in stakes? Sorry, I did not bring the exact statistics, but we spend roughly \$4 700 per race on a mid-week race at Gloucester Park and we enjoy about \$4 000 in margin. That gives you an idea of the ratio. At Geraldton we spend about \$4 000 and enjoy about \$2 800.

**Hon MAX TRENORDEN:** Is Vision the difference there though?

**Mr Burt:** That is with Vision; that took into account Vision. We supported Geraldton going on Vision to get an idea of what it would yield.

**Hon MAX TRENORDEN:** Geraldton has been on Vision for a very short time.

**Mr Burt:** Broome on the Wednesday and Saturday had been on for a very short time, as you would appreciate. It was its first time really at those meetings for all races—on Sky 2, mind you, not Sky 1—and it went up 30 per cent. The quantum involved was four times the growth. That shows one product's appeal to the national market versus the appeal of another product. This is what we are faced with. We are faced with an industry that is unsustainable with the change that is occurring in the wagering place and we are trying to extract more revenue, if you like, to be sustainable.

**Hon MAX TRENORDEN:** That is a retaining process. When we were in Victoria we heard that the dogs had taken nine per cent from the thoroughbreds, not the standardbreds. That is the time that 56 per cent of people are betting from PubTABs, and that period from just after work until before they go home is when the dogs are on the board. Now we have racing trying to jump into that slot because it is a premier slot. Personally—I cannot speak for my colleagues—that is why I have always been keen not to argue too much about who gets what because there are more factors in that

argument than just the straight commercial market. I can tell you that in Victoria dogs are not going to get the nine per cent they are earning. Because there is recognition that at five o'clock to seven o'clock when dogs are on the board in the TAB, 56 per cent of the turnover is from people being in the PubTABs.

**The CHAIRMAN:** I think we need to stay on Geraldton.

**Hon MAX TRENORDEN:** I am trying to make the point that, as a person looking into the industry, I am keen to hear about your problems about management. I am not that keen to hear about dogs versus trots versus races, frankly, because you can get a 50-year history of that and that just keeps tumbling. My point is that I think Vision is the issue here.

**The CHAIRMAN:** Do you have a view on that? Geraldton got Vision, but you still think it is not sustainable with Vision.

**Mr Burt:** No, Chairman. The harness product is sustainable at a level and we have to bring change to it, whether it is on Vision or not. There is more that can go onto Vision that can help make it more sustainable. We, as a business, need to put forward subtle change to our programming that generates more income so that we can spread it across the three codes as we see fit.

**The CHAIRMAN:** I was going to ask this question later, but we might as well ask it now: what is the future of harness racing then? If you shut down harness racing and have thoroughbreds and greyhounds, there would probably be a lot more money for everyone. What is the board's view, looking forward, about the future of the harness industry? Do you see any future at all for it; or do you see it continue to exist with six clubs and all around the metropolitan area? We understand there are problems with this industry.

**Mr Burt:** The onlookers at the harness industry are jumping at shadows. We have made the tiniest amount of change to the industry, although I know it is impacting on Geraldton because it is everything. But if you look back over the time of RWWA, harness is the only one that grew meetings. They grew by nine per cent. The others did not grow. Thoroughbreds have not grown; they are largely the same as they were five years ago. We grew harness. You could ask: why did you do that? The funding was there to be able to do it. The support was there from the participants. We have a twofold thing: funding is drying up because of the commercial changes, and the horse population is under lot of pressure because the interest is no longer in standardbreds through, for instance, the GFC—people selling their boats and horses etc—so there are not as many horses around. We are recognising the longer term trend and managing our business accordingly and saying here is the best way to do it. Rather than cherry picking from many, we are saying we will do it by targeting because it is more efficient as a sustainable industry and because the horses and participants are in the south west.

You then raise the argument that has been thrown at us which is: but you will have no exposure to the north west. As we know, the greatest economic development in this state is north of Geraldton. There is no harness racing up there. The Mid West has been booming for 10 years. Geraldton harness has been there for 13 years. It is what it is. People have not bought horse flesh. If booming is real—it is, because we have been to Geraldton many times—it is happening in areas other than harness racing. The thoroughbreds are booming in the Geraldton area. Ninety per cent of its horses come from Geraldton, and that is the complete opposite. If there is money for capital development going to Geraldton, it is not going into the leisure product of harness. The leisure product of harness—the industry of harness—is in the south west. The south west will grow, as we all know. It is not going to go backwards. What we are doing is consolidating our business into there—where there is the participant base.

[10.00 am]

**Mr J.J.M. BOWLER:** It may become a self-fulfilling prophesy, though. You have got clubs like Geraldton, like Golden Mile and like Albany, which are a fair way from that hard-core of close-knit

clubs where, if your local club is not racing, you have only got to go 50 kilometres to get to another meeting. Those clubs are virtually stand alone. You say Geraldton has got only 10 per cent local horses. When you reduce the number of meetings in those outlying clubs, which has happened, it may get to the point at which trainers are not going to go and base there and live there because there are not enough meetings in a year, so they will just drive in and drive out. It may then become a self-fulfilling prophesy, because if Geraldton is gone—I worry also about Kalgoorlie and Albany—and if you do not increase the numbers in those outlying clubs, in four or five years' time we will be back here talking about those two clubs.

**Mr Burt:** If you were to say, picking up on Mr McGrath's comment, "Is the harness industry gone?", absolutely not. But it is undergoing change, and we are simply changing with it.

**Mr J.J.M. BOWLER:** But do you recognise that with those outlying clubs—those two in particular—if you reduce the number of meetings, which has happened, eventually they will be unsustainable, because your travelling population will stay where it is in the south west, and you will have to cut those clubs, too?

**Mr Burt:** I am mindful of Hansard being here and I do not want to be saying things that are directional-type comments that people read about and then draw conclusions about because they are not completely explained. But I can say that we see that the country base of harness is very much secure going forward. We see that provided it gets onto Sky and generates an acceptable return, the country roots of harness are good, because that is where the product is best; that is where the horse population is. We at the moment have an interesting shape in our horse population. We have a lot of bottom—hobbyist—lower than provincial-level horses, and we have very few elite. Our long-term strategy in terms of number of meetings is to bring down slightly—not completely—the volume of harness racing in some of these regional areas where we race at the moment, because they are relatively inexpensive to run; they do not need turf maintenance and things, and the committees draw funds typically from the local areas. Yes, we would like to see a bit more utilisation of the venues in a concentrated way, but to keep the harness product alive and well, we want to centre it in the south west and keep its current base. We have not come out and said there will be no Kalgoorlie, there will be no Albany. People say, "Well why have we got Harvey? It's in between Pinjarra, which is a major venue, and Bunbury." It is because basically Harvey costs nothing, because of the volunteer base, and it is very good revenue generating, and it has a lot of horses in the area. So we are not bringing in change for the sake of it. We are centring racing in the south west; we are going to put a bit of pressure on the number of meetings; and we are very much seeing it keep its country base, because that is what harness grew from—the country base. So, we have not got a metro-centric attitude coming through here.

**Hon MATT BENSON-LIDHOLM:** I have a question or two in respect of Sky coverage. I think we all would acknowledge that basically it is your exposure on Sky that is going to determine turnover and the capacity of clubs and/or the industry to expand. One of the complaints that Graeme Cox has made, I think to the committee—he certainly has made it to me—is that that club has found it nigh on impossible in the past to convince RWWA of the need to get onto Sky. I think I am right in saying that, on the club's hard work, Sky was delivered to the Geraldton Harness Racing Club. Is that correct?

**Mr Burt:** You are quite correct, in that the thing that changed for Geraldton to be able to get the ear of Sky was Sky 2 on April 1. Bear in mind that pre April, we were planning on the fate of Geraldton being what it is. We had, through the management, been planning for six months that this is the direction that we are going down, following all of the consultation that we went through. With little or no notice, as I explained to Mr Bowler earlier, Sky 2 occurs. They are calling for product. Graeme Cox to his credit rings them up and says, "We want to put our meeting on". They said, "Yes; there is a time slot". He said, "Will you confirm it?", and they said, "Yes". We are not bloody

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minded. We said, “Great. Put it up and we will see what it does”, and we supported it. Had it not been for Sky 2 coming on on 1 April, there is no way Geraldton would have got up.

**The CHAIRMAN:** It does not reflect well on RWWA that a small club like that had to go to Sky, when actually RWWA does all the negotiations with Sky on behalf of clubs; is that not true?

**Mr Burt:** But, Mr Chairman, in fairness, if we, prior to Sky 2 coming out, had said, “Gee; let’s put Geraldton up”, as opposed to clubs that we see going forward going up, it would have been —

**The CHAIRMAN:** But do you not do that anyway?

**Mr Burt:** As Mr Bowler said with Kalgoorlie, we were putting more product up there. We are saying to the central wheatbelt that we would like them to run at Northam. We are saying to Albany that we would like them to run some meetings at Narrogin. We are trying to put more harness product up there.

**The CHAIRMAN:** I am saying: does RWWA not do the negotiation with Sky on behalf of the clubs?

**Mr Burt:** Yes.

**The CHAIRMAN:** Here we are an instance in which the club has told us that RWWA had no interest in getting Sky for Geraldton; if it had not been for the hard work of the president, who actually phoned Sky himself, they would not have been on Sky.

**Mr Burt:** Chairman, we were proposing to close Geraldton. It would have been a little bit ironical to say to Sky, “Here is a club; let’s us put it up there”, because we were proposing to close it.

**Hon MATT BENSON-LIDHOLM:** Has Sky 2, though, not changed to a certain extent the dynamics of the whole situation? I say that because your strategic directions document was not predicated on Sky 2 coming into existence. All that sort of work was done well and truly prior to that. So my suggestion might be that the decision to let Sky go to Geraldton, and then to notice the significant increase in turnover that they had, should at least have given the board some sort of an indication that here is a club that warrants some sort of attention. I take on board everything that you have said about the harness racing industry. I am quite a participant myself, as you possibly know. But I am mindful of the fact that here is a club, as the Chairman has said, that of its own doing has made sure that they have been able to demonstrate that there is, as far as they are concerned, some sort of a future. The industry is all about betting turnover. They have significantly improved it. They cannot do a heck of a lot more. Now I think you have acknowledged, by your own statement, that you gave them the opportunity to demonstrate that—that some consideration has got to be given to these sorts of clubs. When they in turn demonstrate that they can do it, the reward is that they now are to disappear. I certainly do not envy you guys. I think the point was made earlier about the minister not having to make decisions. I think that politicians make the sorts of decisions that you make fraught with danger. But surely to goodness, at the end of the review period—I hope you had a review of what happened at Geraldton—I would have thought that, with the demonstrated increase in turnover, this particular club warranted some sort of special attention. Has the club been contacted? Have you gone and spoken to the club post this particular season, or has it just been by delivery of email or letter or whatever that that is the end of the line for them?

**Mr Burt:** The lead-up to Geraldton, to their credit, going to Sky channel and saying, “Let’s go on Sky”, we could have said to Sky, “We don’t want them going on Sky.” We could have been bloody minded so that this issue did not come up, if you like, where people go, “Gee; they got it”, and the merit is there and keeping them going forward. We did not do that, because we genuinely wanted to say maybe the punters around Australia will respond over and above what our expectations are. The fact is that we have got in the state of Western Australia all the racing happening here, in the south west pretty much, or in that corridor where the majority of participants are. We generate another \$1 200 to \$1 500 per meeting with them being on Sky. So it is not material, but it is a step in the right direction. We are still travelling horses up there, because they do not have any horses

locally—or very few. They have been through economic booms. The last six years has been an economic boom, and Geraldton has benefited from that. But no-one is buying horse flesh up there. So what we are saying is that we still have to bring change to the harness industry. So it was an interesting exercise. It was a great initiative by Graeme to get onto Sky, and he is fighting a valiant battle. But what we are saying is that we need to go down in our harness numbers. I put it to you: how would you bring the numbers down? The very fact that Geraldton went onto Sky channel does not change anything. We need to reduce the numbers, and we either do it in a way, as we have, where we marginalise many—and by marginalising many, we are doing that—where we will make marginal those clubs —

[10.10 am]

**The CHAIRMAN:** What is the benefit to be gained from reducing the number of harness meetings by eight?

**Mr Burt:** We are trying to get sustainability of funding more in line with what it generates, so at the moment, as I say —

**The CHAIRMAN:** Yes, but what is the cost benefit to the industry, this massive industry, by taking eight meetings off a club like Geraldton across the board? What is the difference?

**Mr Burt:** What I have mentioned, chairman. I do not want through *Hansard* our longer-term direction that we have yet to consult with the industry on. We have consulted with a plan on the table, and we have much longer-term plans in mind. We are trying to communicate to the industry that the number of meetings needs to come down so that the income that is available, the \$27 million or \$28 million that we currently fund the harness industry with, can be redistributed back into the industry. Otherwise it will, as a percentage, reduce as the other codes grow. We are redistributing the wealth within that industry, because it generates 20 per cent and it earns 28 per cent. As much as you say, Mr Trenorden, I do not want to talk across the three codes. The other two have quite a bit to say, and we are a three-code body, and it is significantly dislocated with the other two codes. Thoroughbreds are roughly in line; greyhounds are not, and we have 20 per cent being generated and 28 per cent being distributed and it is irresponsible of us not to bring some parity back into that relationship. It is not going to get 20 per cent, but what we are trying to say is, we can reduce our costs in running it, we can bring the volume of meetings down and we can redistribute it so there is a more certain future for harness, and that is what we are doing.

**The CHAIRMAN:** Just before Mr Trendorden's question, was the board unanimous in the decision?

**Mr Burt:** No.

**The CHAIRMAN:** Can you tell us what the vote was?

**Mr Burt:** There was one vote against.

**Hon MAX TRENORDEN:** You did give us a challenge, Mr Burt. I am sitting here, and what I would do is take the races away from Gloucester Park on a Saturday night, and the reason why I would do that is that the prospect of growth in Gloucester Park on a Saturday night is close to zero and the prospect of future growth in Geraldton is considerably higher, but that is only to answer your challenge. I have another question I would like to put to you. There is a bit of a quandary that you have been putting to us about the minister. You are actually, if you think about it, asking us not to get the minister involved in racing, but you are asking us to get another minister involved in racing, which is the Minister for Regional Development. You have had a range of development commissions who have boards just like yours and responsibilities just like yours, who have got a responsibility to make decisions about putting money into only country codes because that is the only place they exist—I suspect something like \$1 million in the past 12 months—who have got all the same responsibilities as your board, and the minister is sitting on top of them, saying, “Why should we be putting money into Bunbury when they have no idea what's going to happen to

Bunbury? Why should they be putting money into any of these other clubs when they have no idea?” They are actually relying on you for that information for them to make a decision, which is their boards’ responsibility and ultimately their minister’s responsibility. So you are actually asking for a minister to get involved in racing, it is just a different minister, and if you look at that minister, he is under considerable pressure from plastic cows in Busselton and talking toilets in Bunbury and so forth, so it is only a matter of time before somebody says, “Why did that X amounts of dollar go to X club?”—a decision by another board, reflecting on another minister.

**The CHAIRMAN:** Do you have a comment on that?

**Mr Burt:** I am taking it on notice.

**The CHAIRMAN:** Okay. There is one question I would like to ask. We are going to have a break now. We will finish this one and then have a break. You said that you talk to the Minister for Racing and Gaming every couple of weeks. I know that the minister cannot direct RWWA under the act. Did the minister express a view about Geraldton?

**Mr Bowe:** Yes, he did. He was disappointed in our decision and we, as a matter of courtesy, with Mr Cooper and Mr Burt, went and talked to the minister about it before we made a formal announcement.

**Hon MATT BENSON-LIDHOLM:** Just in response to what the chairman has said, you should certainly understand that the minister would obviously have been speaking to country based members especially. On this particular joint standing committee, you are looking at three country members here, and there is also Peter Watson, another country-based member.

**The CHAIRMAN:** I am totally outnumbered.

**Hon MATT BENSON-LIDHOLM:** Country-based members are obviously going to speak to the country-based minister, and I put it to you that significant concerns are expressed through local members fielding questions from the likes of Mr Graeme Cox, so you need to understand that that is obviously where it has come from, so we are very concerned about the viability of the entire industry in the bush, as it were, but that is a statement of fact; you would understand that.

**Mr Burt:** Can I just say that through our consultative process, when we actually sat down with the WA harness industry—the Country Harness Association et cetera, and a number of clubs—we put it to them individually, “Look, if you were in our shoes, what would you do?” This is not to say that this is how it is going to happen; this is just their feedback. “Where would you see harness racing going forward?” Typically, the plan was, they said, “Yes, you need Gloucester Park; yes, you need Pinjarra; yes, you need Bunbury; you need Northam”, and pretty much stopped there. If you talk to Kalgoorlie—naturally Kalgoorlie was in and possibly one other out—and if Geraldton was there, one other; it moved around. But they saw that change needed to occur, and I have to say, having been to the 17 or 18 meetings, the overwhelming thing that you try to filter from the people—you always get the stakeholder with a vested interest—is, “RWWA, get on and make a decision and give us a certain future”. That is the leadership we are trying to show here. Not as a populist, because we would not change anything; we are trying to show a level of leadership that assures the future of the harness industry, and this is what we are seeing come through. We are respectful of what Graeme and others have batted up, but we are trying to work, not pigheadedly, but with a level of focus and determination to keep harness relevant. We do not have it in for country harness; we are very supportive and we see a very strong future for country harness. I do not want to go into what those plans are because this is not the way to communicate it to the industry; that is our next step. We have done the plan thus far and we will take it to the next stage.

**Hon MAX TRENORDEN:** Can I make a similar statement? We have responsibility for looking at the act, and we have responsibility for assisting you, through the act, to do what you do. Right from day one of this inquiry, we have been telling you that the majority of the feedback is that people are happy; this is about the edges, this is not about the core. It is fair to have a fairly robust sort of

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process here, because nobody is saying to us—if I can look around at other members—that you are not the right body. In fact, we have had people from the eastern states saying that you are the right body for all of Australia, or the right model, so it is not about that issue. It is about, in the review after five years of operation, what will this committee recommend in terms of tweaking, and some sort of recognition of country versus city is clearly part of that.

**The CHAIRMAN:** One final question from me, and then we are going to break. Do you see an opportunity ever in the future for Geraldton to reopen as a harness venue? Do you envisage that it could ever happen if there was a period of massive boom and people wanted to go there and take their harness horses? Or do you think it is never going to happen?

**Mr Bowe:** You can never say never, but in my view it would highly unlikely, Mr Chairman. There might be a total resurgence in harness, but there is no sign of it at the moment.

**Mr Burt:** If fortunes fell RWWA's way, where it was able to generate a windfall profit, let us say, we certainly see that positive future. We are working hard to not consolidate, depress and compress; we are looking to doing some things and growing. We are not in a negative space here, but we want to put it where the population is, so we want to generate it in that area, rather than have it spread out where it is costing to get the horses moving. We are effectively putting on racing for a spectator group that is not coming to the race.

[10.20 am]

We are driving up, no-one is coming, and we are driving back, when we could be holding those meetings more efficiently in the area and getting the balance right from an economic sustainability point of view. The participants are quite happy to have those races in the southern area and not have to drive up there. There are a couple who drive up there because they enjoy their winter holidays in summer conditions, if you like. But we are basically saying that we are trying to bring consolidation to an industry that is under pressure.

**Mr Bowe:** I just indicate that no further closures are being considered.

**Mr Pearson:** Just briefly, moving away from Geraldton, there was another club that felt in the strategic review that they were disadvantaged, and that was the Mt Barker race club. Once again, the board invited that club to make a submission and to come in personally and address the board. Three of their officers did. Whilst they did not have the two meetings put back on, what they did find is that we were able to give them an extra race per the six race meetings that had been allocated to them, so they in fact lost seven races in total and not 14 races—they lost two race meetings. That was because the submission they put to us on their appeal was compelling enough for us to change where we were looking at and to give them that. They walked away, from where I sit, relatively contented in the fact that they knew they were going to have a future and that they had been listened to, on an appeal, by the board. I just thought it is important to demonstrate that there are areas where the board has made changes when compelling evidence has been put to us.

#### **Proceedings suspended from 10.21 to 10.44 am**

**The CHAIRMAN:** We are happy with question 10 and we do not need to ask that. Question 11: do you believe that RWWA's role includes the provision of education and training to the industry—for example, in the areas of marketing, promotion of clubs and traineeships to encourage young people to enter the industry? I believe that RWWA does something with traineeships, but in encouraging young people to enter the industry, what sort of work does RWWA do and also in marketing and promotion for club officials?

**Mr Pearson:** Chairman, if I may take the lead role here, we certainly have such an area, and Ron Fleming heads up this section as far as industry training goes. Traineeships and that are more aligned to the horse industry. We obviously have an apprenticeship situation in the thoroughbred industry. We have introduced to harness a similar type of apprenticeship for drivers to be able to take up. I think we have one or two people in that area now who are going through a training period.

Ron Fleming also has access and input into the national agri-schools council and also receives a large amount of information. That is also funded through the Australian Racing Board, which has a representative on the agri-schools council at a national level. In respect to marketing and promotions for clubs, some clubs, where we have gone to and offered help in that area, have said that they do not want that and they can look after it themselves. They would prefer to operate their way and they have their own people. One notices now that even in the provincial clubs and even some of the larger country clubs, they have a person designated, and whilst it may not be full time, because of the fact that racing for the two codes do not continue in that town for 12 months at a time, they have people and they go separately and put in their own marketing skills. At the same time, RWWA does offer programs, and has programs available, and some clubs take that up, particularly when their carnival time comes around and they seek advice and guidance on how best they may be able to position facilities around the course to be able to get the benefits of having large numbers of people on course. As far as encouraging young people to enter the industry, it can be said that it is a very difficult thing in today's world, and some parents are aghast if they hear their offspring looking at going into an industry where there is gambling and so forth. But I think the fact that as it is now recognised as the third-largest industry in Australia, the equine codes are perhaps getting a little more recognition and the industry is being realistically looked at as a path for young people to go into.

**The CHAIRMAN:** Do you set aside any funding for these programs?

**Mr Pearson:** Yes, that is allowed for in the budget. Richard might be a bit more specific on the amount.

**Mr Burt:** We fund the thoroughbred, harness and greyhound traineeships, if you can call it that. It is predominantly in thoroughbreds. I will quickly go into the racing section. No, we have not got a breakdown in terms of training. We have 42 apprentice trainees who are going through our program. We get a recovery from —

**The CHAIRMAN:** Are they jockeys?

**Mr Burt:** Yes. We get a recovery through the federal government, which is well received. In addition to what we do with our training program, in the harness industry we also have a driver program that we have introduced and—this is not so much RWWA, it is the clubs that have a pony trot system, which is seen as riding for juniors, which we do not formally fund. It is predominantly around drivers and apprentice jockeys. I am sorry I do not have the numbers, but if it is important I can get it to you.

**The CHAIRMAN:** I think that has been well enough covered. I think we can combine questions 12, 13 and 14, because they basically talk about the act and the board structure—the selection process for representation. We have had various groups like TAB agents, bookmakers and also country clubs saying there is no specific country person representing country racing on the board, even though the act refers to a person with some knowledge of country racing. Are there any improvements that you can suggest about the future governance of RWWA, particularly in regard to the selection process and representation on the board as the industry moves into a new decade with RWWA at the helm? The other thing that was raised with us was succession plans for changes on the board and the period which people should stay on the board. You have been there now for seven years. What does the board think? Maybe Mr Bowe could answer this. From your experience on a number of boards, and I guess you have to have some forward thinking, can you tell us how you think the board structure has worked up until now, where you think it can be improved and any areas in which you think our inquiry can make some recommendations?

**Mr Bowe:** Thank you, Mr Chairman. The board has worked reasonably well, although I suppose self-praise is no recommendation.

[10.50 am]

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**Mr Bowe:** Turning to some of the specific issues you raise, I do not really believe that single-interest groups should have board representation and I believe TAB agents would largely fall into that category. On balance, I think you need a broader scope of views. I would not argue for that, but obviously it is a matter for government and for you to consider.

The selection process: at the moment, I think it eminently sensible that you have a code representative from each of the three codes. At the moment, four other representatives are selected under the selection process and the chairman is nominated by the minister. I believe it is important to have a chairman, nominated by the minister, who has the confidence of the minister and who will talk to the minister because of the widespread social and economic implications of the racing industry in the state.

I think the areas for improvement or tweaking, if you like, would relate to the selection of the other four members. There is some element in the question of country or regional representation. I am not quite sure who is on the selection panel. I know that I am on the selection panel and I know Barry Sargeant chairs the selection panel, but I am not quite sure who are the other representatives on the selection panel. I would need to familiarise myself with who they are. There is an argument that someone with widespread regional administration experience might be useful as one of the people involved in the selection of the other four board members.

**The CHAIRMAN:** But not as a board member.

**Mr Bowe:** Not necessarily as a board member. Someone with regional skills or regional experience is required to be appointed to the board. I think that —

**The CHAIRMAN:** But they could live in St Georges Terrace.

**Mr Bowe:** They could do; I am not strong either way on that, Mr Chairman—to be honest.

As for succession planning for the board—it is really out of our hands; it is not something that we can do. Obviously, the senior executive would be worried if Richard were to fall under a truck. The board would have to bend its mind to what sort of replacement it would need and what sort of replacement training would need to be put in track if that unfortunate eventuality occurs.

**The CHAIRMAN:** I will ask members if they have any other questions, because this is something that is in the act and is quite pivotal to the ongoing operations of RWWA and the board structure.

**Hon MAX TRENORDEN:** I listened to what you had to say Mr Bowe and I actually agree with you on that.

The next area that I want to talk about is infrastructure as it relates to your board. If seven of the nine development commissions are to be ongoing in your industry, there may need to be some sort of linkage.

**Mr Bowe:** You have mentioned that. It is a good idea, I think—if we can get those linkages.

**Hon MAX TRENORDEN:** We can mull over that.

The same question has been put to us as you have put to us about infrastructure. If this committee is to consider a process for infrastructure, how do we link that to you? Do we make that a part of the administration? Do we do what was done in the past and make it a separate process?

**The CHAIRMAN:** We are going to talk about infrastructure in a minute.

**Hon MAX TRENORDEN:** I know, but I am talking directly to it. I am not worried about what we might do later. I am worried about the process and whether we link it to the administration or we make it a separate process and link it to the board. Or is there another process?

**Mr Bowe:** Yes—well. It should not be separate from the—I will ask Richard to comment a little on this. Infrastructure funding is crucial to the strategic plans that we are putting forward. If it is removed from RWWA or somehow or other divorced from the administration of RWWA, there is

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grounds for conflict: there is grounds for investment in infrastructure that does not fully abide by the corporate plan. That is all I would like to say, but Richard —

**The CHAIRMAN:** I think that we are going to cover that in a minute, anyway.

**Mr Bowe:** Yes.

**The CHAIRMAN:** Infrastructure is a big issue.

**Hon MAX TRENORDEN:** I am not talking about the infrastructure; I am talking about the governance of infrastructure.

**Mr Burt:** Chairman, if I may: as someone who reports to the board on all the business issues that we run day-to-day, I bring a different perspective to that of the chair who runs the board. The thing that works well within RWWA is the harmony and the synergy of the three codes. Believe it or not, as much as the industry tries to tear itself apart at times, the board is very functional. Whatever process is in place, and we know what it is, the way the eligible bodies elect their representatives, works well. There are level-headed people who have a lot of history and knowledge. The difficult decisions that we go through—you will have seen that we have managed to get through without tearing ourselves apart. Then you have other directors. Effectively, you have a commercial enterprise that is competing with some of the largest market capitalisation companies in Australia: companies that have market caps upward of \$4 billion to \$5 billion are in the wagering space, so we really need good commercial skills. I would hope, going forward, that we continue to get that commercial retrench, if you like, so that when we are putting up quite complex issues, you have highly intellectual people who can really understand and make the commercial decisions. It is not to say that the co-directors do not also have that ability, but they are there for their breadth of knowledge of not only commercial issues, but also the code. The other directors really need to have their heads around the financial, the strategic and the HR-type issues that we deal with. I would hate to think that we would go down a, let us say, different path—people appointed without the skill to deal with the commercial pressures.

**The CHAIRMAN:** All right. Okay. We are going to leave question 15, because we are going to talk about infrastructure a little bit later. We will go on to race programming.

**Hon MATT BENSON-LIDHOLM:** Question 15 or question 13?

**Hon ALYSSA HAYDEN:** We did questions 12, 13 and 14 together.

**The CHAIRMAN:** We have done questions 12, 13 and 14. Do you have any more points to make about the board structure, John?

**Hon MATT BENSON-LIDHOLM:** I printed this off last night; it must have changed.

**Hon ALYSSA HAYDEN:** Can I make a few comments?

**The CHAIRMAN:** On the board structure?

**Hon ALYSSA HAYDEN:** Yes.

**The CHAIRMAN:** Yes.

**Hon ALYSSA HAYDEN:** I know that this has been discussed in a previous hearing, but people have raised with us that the board has been there for a long time. I am not necessarily agreeing with them, because I understand that knowledge and history helps to make a good board, but do you think that there needs to be a time cap on the board to ensure a turnover of members—be it one year, two years or three years—or do you think it should remain as it is?

[11.00 am]

**Mr Bowe:** I am ambivalent on this. The last time I spoke about this I sort of indicated that there should be a time frame. Look, I do not really know. I think there will be expertise of code

representation. I would hate to see a rapid turnover of code nominees. I think, most probably, two terms for the chairman would be appropriate.

**Hon ALYSSA HAYDEN:** Well, could I ask, maybe, Mr Burt, as the one who has to deal with the board?

**Mr Burt:** I am employed by the board, so!

You asked questions in the very first meeting which came down to more subjective-type answers, rather than black and white ones. Like, you could not legislate, and I tried to give you an impression of balance, that is a lot of what we do. I think with the board it is the same: you have a group of people who bring knowledge, history, personal interest and commercial aptitude to a business, and it is getting tougher. You have a process whereby there is the opportunity for renewal, and you have got to believe in the process of an independent selection panel with the chairman looking at the calibre of people putting their hand up—because that is advertised—and saying how does the current incumbent compare with the future potential. Like with my job, I come to the end of the contract and if I am appropriate, going forward, a decision will be made. That is the market force, so I trust in the process. If you get a situation where you get entrenched non-replacement, then you could have a problem, but I do not think we are at that stage.

**The CHAIRMAN:** Just one question, and we are looking through the act here, do the code nominees come up for reappointment?

**Mr Burt:** Absolutely.

**The CHAIRMAN:** How often?

**Mr Burt:** I think it is three —

**Mr Pearson:** In thoroughbreds it is every three years; I think harness has been reported to a two-year basis.

**The CHAIRMAN:** So, that is not in the act?

**Mr Pearson:** I think it is, Chairman, because —

**Hon ALYSSA HAYDEN:** Yes, I think it is.

**Mr Pearson:** This is my third term. I went through a process for the first term that was quite exhaustive in interviews. The position was advertised when my re-appointment came up, and, for some unknown reason, no-one wanted to take it over.

**The CHAIRMAN:** But if there was another nomination, who would make the decision on that?

**Mr Pearson:** It is recognised that for thoroughbreds that there are two representatives of the metropolitan race clubs, a representative of the provincial clubs, a representative of the country racing association, a representative of the owners association and a representative of the trainers association. They were the people who interviewed me and went through that process before they made a decision as to who they recommended for appointment.

**The CHAIRMAN:** For re-appointment, if someone nominated against you, and you wanted to nominate again, those people would make that decision?

**Mr Pearson:** Those representatives would be the ones who would make the decision.

**The CHAIRMAN:** All right. We will go to question 16. We touched on race programming before when Mr Bowler asked about the fact that we were told by the Victorian country clubs that they were given a lot more notice of what dates they were likely to have. Just briefly, would you like to comment on that point, and in particular is there scope to provide clubs with more notice of race dates? Because they have said to us that they are working all the time on getting sponsorship; they want to sign sponsors up a year or two in advance, or on three-year contracts—all that sort of stuff.

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They would like to get more notice and more certainty about where they are going in the coming years.

**Mr Burt:** Chairman, if we can work with the industry productively and say, “These are the reforms that we want to bring through”, then we are happy to give a longer term commitment than what we currently do, which is a 12-month period. The commitment needs to be made with a sense of things not changing, if you like. Like Sky2 was a major change it became another platform to be able to put up Vision. But in terms of whether these clubs are going forward, yes, you are right we could give that certainty. Are these clubs going to generally have the number of meetings? Yes, we could do better at that. As long as the clubs help us in terms of trying to take the industry down the paths we are going, then we can give more certainty.

**Hon MAX TRENORDEN:** My concern in this area is probably really more anti the clubs than anti you, where there is some pressure on the shoulders, with the summer clubs wanting to get into the winter and the winter clubs wanting to get into the summer. I just think, for your sake, it is a good idea to put a boundary on those processes, so that bit of wrestling does not occur. My interest would be not so much to say, “You’ve got these precise dates”, but more, “Your program is going to be around about here around or around about there.” Therefore, they are not in trying to wind out each other, as you have already pointed out, on the shoulders.

**The CHAIRMAN:** Any other questions on that? Let us move on to question 17: Sky vision. Obviously you could talk about this one forever, but it is, as members know, very important to the industry, you have got two players now—Sky vision and TVN, which I do not think any of our clubs are linked up to. Can you just give us some vision for the future, with regard to gaining maximum exposure for Western Australia’s racing product; whether you see TVN as a player one day, especially for the thoroughbreds? What is RWWA’s view towards the future for Western Australian codes in terms of Sky and vision?

**Mr Burt:** The RWWA view for vision is to get the maximum amount of commercial product on Sky as possible. Are we there yet? No. We have more that we wish to negotiate with Sky to get onto Sky channels 1 and 2.

**The CHAIRMAN:** How difficult is that?

**Mr Burt:** They are very receptive; they are quite good. In fact, they are more receptive than our own community, so that is not a problem at this stage.

**The CHAIRMAN:** So you can see more Western Australian racing on Sky in the future?

**Mr Burt:** Yes, I can. Up until April, it was full, and Sky, to their credit, have taken a lot of WA product over the years and RWWA have done a very good job—prior to my time—putting up a maximum amount of product. With Sky 2, there is another capacity that can be applied and Sky is receptive to taking WA product, evidenced by Geraldton. We are negotiating all the time to get meetings that are part covered, or meetings that are not covered, put onto Sky in their entirety. So, Sky are very receptive and they like WA product, and we fill the time void of course, as you would know with the daylight saving and non-daylight saving. The issue for us with Sky, as a platform for racing out of WA, is that the future of Sky is a little uncertain. There are some fairly strategic issues going on in the background at the moment, as you know, with Telstra looking to put equity into TVN and what their plans are. Queensland Racing’s intention, as recently as a month ago, to put their product on Sky—it is not signed yet—sort of gives Sky certainty that they are going to hold the balance of power and that TVN will not be able to take the thoroughbred product from Sky. So, those corporate battles are still going on and that is the area of our concern—in case we end up with a mess, let us call it, like we had in 2005, where we had two platforms. I mean, we have got three Sky channels, two of which are actively promoted in the agencies now, Sky 1 and 2, but you can imagine if we had a TV end-product as well, where product is on here but not on there, it would be back to the dog’s breakfast plus some, because you would have three channels.

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**The CHAIRMAN:** TVN might also give you better coverage; it might give you more exposure in the mounting yard and things like that with the thoroughbred coverage.

**Mr Burt:** In agencies, it is less relevant; it is race-to-race betting. At home it is very relevant—sitting in front of your computer, your TV, your phone, whatever, is very relevant; it is like being at the track. But the race-to-race betting product has moved on and it is less so now. The key for us is not Sky being receptive to taking WA product, which is the day-to-day, month-to-month exercise that we work with clubs on. The key is: Three years from now, who is going to own Sky? What is going to be their strategy? Are we going to end up with a thoroughbred channel, a harness channel, a greyhound channel? Are we going to end up with a stand-off and have dual channels? It is the corporate end that I am worried about, not so much working with Sky to get our product up.

**The CHAIRMAN:** So how much more of the product, given that you said you would like to get maximum exposure, could we possibly get? What would the maximum be, given where we are now?

**Mr Burt:** Not all of our Albany meetings are on Sky, not all of our Kellerberrin meetings are on Sky, not all of our Wagin meetings—so those type of things—the majority, but not all, of our Harvey meetings are on. So, we are putting DVN, the fibre optic, into Narrogin and Harvey to give all-meeting coverage. Yes. This is what we class as country meetings, not provincial country, so that tier below Bunbury, but above Bridgetown.

[11.10 am]

**Hon MATT BENSON-LIDHOLM:** This is including the gallops as well; the thoroughbreds?

**Mr Burt:** Yes, there is a bit of gallops like Esperance and Carnarvon, and what we have seen with Broome. So, there is some capacity there.

**Hon MATT BENSON-LIDHOLM:** That sounds very significant, though, in overall terms, certainly in relation to generating income. It sounds very significant.

**Mr Burt:** It adds value. We have just got to get the vision cost right, so that it is cost effective.

**Mr J.J.M. BOWLER:** I often wonder or worry that without Sky you are going to struggle, and Sky is owned by a competitor. What protection do you have that they are suddenly not going to turn around and really concentrate on their own product to the detriment of WA; and is there a role for state government through the commonwealth and COAG to provide some protection there?

**Mr Bowe:** This is an issue that was raised in the Productivity Commission report, as you know, Mr Bowler, as well, and I think that is an issue that the ACCC will be looking at, the power of Tabcorp through the use of Sky to freeze out competitors or give themselves a competitive advantage. So, that is something that needs to be looked at very carefully. I am not sure and I will ask Richard to talk about —

**Mr J.J.M. BOWLER:** Have you seen any example in the last couple of years of what we are surmising may happen in the future, but not yet?

**Mr Burt:** Mr Bowler, I do not know how they do it within their organisation, but Tabcorp to their credit—I am highly critical of them on other fronts, such as pulling fees et cetera and using their market power—on their vision front they operate largely independently. They are highly commercial when it comes to charging us as a wagering operator for their Sky fees; that is fine. They are quite balanced and fair when it comes to taking our racing product. They give good recognition to WA; they give good coverage; and they are receptive to more programming. There is more that can be done, of course. At the moment we are categorised in the time clock as a provincial meeting below South Australia. We do not agree with that. We want to be categorised more senior behind Queensland. Sorry, there is a calendar that they work to on the racing day and we do not believe that we are positioned correctly. But in terms of our operations, the issue that has come through the Productivity Commission is more about a competitor owning the vision and its

relationship with the distribution network of wagering outlets, as opposed to taking racing product from the racing clubs. It is more about a TAB owning Sky when other TABs do not own it and it has market power to be able to influence rates of selling Sky Channel. It is not so much the back end of supply product. Quite honestly, the issues that are going on with TVN are just as threatening to WA racing because we are not a shareholder in TVN and our product is not up there.

**Mr J.J.M. BOWLER:** Have you been offered a share, a buy-in?

**Mr Burt:** No.

**Mr Pearson:** And I have been at meetings with TVN, and TVN are not interested in Western Australia racing, bearing in mind they only take thoroughbreds.

**Mr Burt:** TVN is an industry-owned asset from the east coast, as you know, the Victorian and New South Wales metropolitan and country Victoria as well. But they see the east coast thoroughbred product as being premium, they do not need us, and so whatever their positioning is is probably more so competitive than what Sky Channel's plans are. But, you know, we have respect for what they want to do. We are a PRA as well. But the relationship we have with Sky is quite good and we have a good array of product up there and we intend to negotiate to get more up there.

**Hon MAX TRENORDEN:** I would like to talk about something I have got no knowledge of, so I will talk about it for quite a while, and that is technology. It just concerns me when I talk to clubs about the unbelievable cost of getting cabling in—and I think we should be talking about cabling—into the clubs you are talking about.

**Mr J.J.M. BOWLER:** It will be fixed up if Julia Gillard gets in tomorrow.

**Hon MAX TRENORDEN:** Yes, we will all vote for Julia tomorrow! But one of the things I was going to say is just that: there are a couple of other buckets of money around other than yourselves about where cable is going to go and what the outcome of cable is going to be. But talking to clubs about \$150 000 expenses, those sorts of figures, spins my head around. I just cannot see why it is at that sort of level and the cost impost on you in trying to get that on. Can you comment on whether there is anything about partnership? Is there anything about Telstra itself? Is there anything about the Western Australian agency or anything about the federal government agency? Is there a manner in which we can make vision, other than your van—and I think if we are talking about vision, we should be talking about permanent vision—is there a process to do this a little better, and can we help you with that?

**Mr Burt:** The technology firstly, if I can just dispel the myths, is as simple as it gets. It is a piece of fibre going into a race club connected into their comms board, so it is nothing more or less than that in essence. The Globecast, who are the providers, SNG satellite dish arrives as the alternative to the fibre option. The cost of the SNG is about \$7 000 a trip. So if you go to Narrogin, where we do not have fibre, it is about \$7 000 to drive down, stay there for five hours, drive back. The benefit we have in putting fibre in is we drop a lot of the variable cost. But even though the fixed cost is \$150 000 up-front, there is still a variable cost of about \$30 000 a year for the broadband use, if you like, of the current broadband.

**Hon MAX TRENORDEN:** Is that \$30 000 global?

**Mr Burt:** No; per club.

**Hon MAX TRENORDEN:** Per club?

**Mr Burt:** All of the ones that are up on Sky at the moment that we are largely seeing covered by Sky, we fund a bit of it, but if we go into Narrogin and Harvey, for example, there is a variable cost of about \$30 000 a year, which is the bandwidth—is the easiest way to put it. The 150 is just physically to get the cable in there, and that 150, strange as it sounds, if it is over two kilometres or over two metres, it is 150, around that number, not exactly. We cannot justify that one. But the benefit of having fibre is that if that then is going to continue racing into the future, you eliminate a

lot of the variable costs. So you are really comparing—put the fixed costs to one side; you can amortise that—and you are really looking at how does the variable cost of the satellite van compare to the \$30 000. If you have got four meetings, five meetings, you are in the break-even sort of place. If you are greater than that, you are better off having fibre. Our intention is to work with royalties for regions through the local clubs to get the fixed costs of the fibre funded through royalties. We would love to have fibre going into Kellerberrin —

**Mr J.J.M. BOWLER:** Have you liaised with NBN to see if they can bring forward their —

**Mr Burt:** No, we are sort of removed from that at this stage. We are not even sure if it is going to get up.

**The CHAIRMAN:** Have you made applications through royalties to the regions for these connections?

**Mr Burt:** Coming out of these two plans, that is the plan. Our first strategy was to say to Kellerberrin, “Can you please run some of your meetings at Northam?” Rather than use a stick, we have tried to use a carrot and share some of the cost. They do not want to do it. So now we are looking at, “Okay, how do we go through the Avon Valley development commission?” And they are not taking any bids at this stage until the end of the year, we believe, more around December.

**Hon MAX TRENORDEN:** Early next year, yes.

**Mr Burt:** Correct. So we will be working with Kellerberrin to put fibre into Kellerberrin using royalties, hopefully, if they are supported, to get vision and meanwhile we have to work with Sky to get the timeslots. Then there will be the question of the variable cost.

**Hon MAX TRENORDEN:** Again, if I go back to my previous question, if you go there, the development commission will say, “How do we justify \$150 000 to run something a few metres?” That is part of the problem, I think.

**The CHAIRMAN:** They are making plastic cows!

**Mr Burt:** No, I think you are talking about the cost–benefit of it.

**Hon MAX TRENORDEN:** Yes.

**Mr Burt:** The cost–benefit is clear. There will be a business case around that and I think the benefit —

**Hon MAX TRENORDEN:** Not just a cost–benefit, I just do not see any justification for that cost of \$150 000.

**Mr Burt:** I am not here to defend Telstra.

**Hon MAX TRENORDEN:** No, but again I am saying that is going to be your difficulty because those same board members mirroring yourself have that decision to make.

**Mr Burt:** It is a “take it or leave it” from Telstra. We buy through Sky Channel. We use their national approach because they buy better than even us at a state government level because they have fibre going to every race club around Australia, as you can imagine. So, we have done our own rate checks and we pay more than what Sky do, and it is a “take or leave it”, and if you want fibre in your Kellerberrin, you either do it or you do not.

**Hon ALYSSA HAYDEN:** How many megs do you have at Kellerberrin?

**Mr Burt:** Twelve at Kellerberrin, so that would have a cost–benefit ratio.

**Mr J.J.M. BOWLER:** If you can get on to Sky 2, then it is worthwhile, is it not?

**Hon MAX TRENORDEN:** All I am trying to say is that it may be that the state agency might be able to help you with that because when you start talking about the state having an interest with Telstra, there might be an area to assist in that process.

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**Mr Burt:** We buy at state rates at the government rates, because we buy under the government umbrella, and we cannot buy as well as Sky.

**Hon MAX TRENORDEN:** I will have a look at it if you want.

**Mr Burt:** Okay.

**Mr J.J.M. BOWLER:** I am surprised that you say you have not looked at NBN. NBN is being rolled out to a large degree in Tasmania and a couple of places in the eastern states. I am just wondering if it worthwhile —

**The CHAIRMAN:** In Queensland.

**Mr J.J.M. BOWLER:** Is it?

**The CHAIRMAN:** In Queensland I think it has just started rolling.

**Mr J.J.M. BOWLER:** We may be approaching them and saying, “Let’s go halves and we’ll do a couple of towns where you need it done.”

**Hon MATT BENSON-LIDHOLM:** Of course, Geraldton is a priority here too, is it not? But that is another story.

**The CHAIRMAN:** Any other questions? We will move on to 20, but I think we understand that there is no moving away from the A\$150 000 quote.

[11.20 am]

**Mr Burt:** But it is not a flat \$150 000. I have heard of \$130 00 and I have heard of \$180 000. A lot of it has to do with distance to the exchange, but there seems to be a rule of about that amount.

**The CHAIRMAN:** Okay. Question 20. At a previous hearing, Mr Bowe, you mentioned that three Sky channels are causing a bit of pain to RWWA. Can you explain what you meant by that?

**Mr Bowe:** There was confusion with the punters and with the sound going into our agents. It was more a teething issue at the time, although there are other wider issues in relation to all these channels. I am a little bit concerned that, let us say, harness might get the rough end of the stick in relation to the popularity of various channels, and therefore, as a result, wagering on harness vis-a-vis the more premium brands will further decline. That is just something that I have got in the back of my mind that could be an issue going forward.

**The CHAIRMAN:** But your agents would have all channels up at once, would they not?

**Mr Bowe:** Yes, but they might not always—on the eastern seaboard as well—have all the channels in the pubs in Victoria and New South Wales, for example. So you might not be getting coverage of the greyhounds and the harness in Perth over there.

**Mr J.J.M. BOWLER:** So what you are doing is that you are using Racing Radio to switch the sound in the TABs.

**Mr Bowe:** In WA, yes.

**Mr J.J.M. BOWLER:** In time, will you change the designs of the TABs to maybe have two separate areas where punters can go down one end and listen exclusively to two, and at the other end to one?

**Mr Burt:** No. It is more about a mixing approach. You would appreciate, just knowing the product, that the problem we have, even in large agencies, is that you have this frantic race-to-race betting, and if you have customers at one end and customers at another end going like this as well as to the wall boards, the terminals, we are going to need traffic lights.

**Mr J.J.M. BOWLER:** So you are just going to use Racing Radio —

**Mr Burt:** As a mixer.

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**Mr J.J.M. BOWLER:** — to control the sound in the TABs.

**Mr Burt:** Two vision, one audio.

**Hon MAX TRENORDEN:** I will make a comment. I did go into the Northam TAB just to see what this is like, and there were 20 or 30 patrons—whatever it was—there. I just had a feeling that the confusion is felt by the punter as well, so I think the net result is that they are now skipping races, even if it is a Melbourne or a Sydney race, between conversations, beers and their own activity. I just had a feeling there that people were saying, “Wow! There’s a lot happening here.” My feeling was not about the premium of it; I think it was about their own comfort.

**Mr Bowe:** Yes.

**Mr J.J.M. BOWLER:** How has betting turnover gone since two came in?

**Mr Burt:** It is probably going to be positive in time. Customers are still getting used to it. But we are more impacted by a flat economy at the moment, I have to say. So it has come out. There have been teething problems in terms of clashes with races, with us getting our audio right, because in the past we have relied on one Sky signal and the audio. It is showing some promise, but it is not as positive as it should be. The big issue with Sky 2 is not just —

**Mr J.J.M. BOWLER:** So what is the answer? Has it stayed level? Has it gone up a little bit?

**Mr Burt:** It is flat at the moment.

**Mr J.J.M. BOWLER:** But it has not gone down.

**Mr Burt:** It has not gone down. It is flat. But we have other changed programs in our business at the moment where we have replaced all our betting terminals, our tickets, so there is —

**Mr J.J.M. BOWLER:** Where you cannot put a stack in and —

**Mr Bowe:** Yes.

**Mr J.J.M. BOWLER:** Can you change that?

**Mr Bowe:** No, we cannot.

**Mr Burt:** No, we cannot. There is change on change on change at the moment. There is no betting terminal maker in the world that has batch feed terminals—wagering terminals. The only ones you have got are lottery ones, where you pass them to the agent and they have to process them. That is a bad work design from our race-to-race betting. The issue with Sky 2 is also the home customer. You now have to pay to get Sky 2 in the homes.

**Mr Bowe:** Yes, \$60 a year.

**Mr Burt:** An extra \$5 a month, and many people are not paying it. So I watch Sky 1, a lot of WA products on Sky 2, and I am not betting on it.

**The CHAIRMAN:** Okay. Question 21—and this will end our talk about Sky: when does RWWA’s current contract with Sky end?

**Mr Burt:** Are we talking about the distribution agreement into agencies or the product supply?

**The CHAIRMAN:** Tell us what contracts you have got with Sky and when they end; or did some clubs negotiate individually with Sky, like Perth Racing?

**Mr Burt:** Correct. So Perth Racing has their own agreement. We have in-principle support, if you like, from the other clubs that are on Sky to delegate their authority to us to negotiate, and those agreements—it depends on which code—are largely expiring around 2014; these are the Vision rights agreements, as we call them. Our distribution agreement into our agencies expires—we have just signed that—in six years’ time.

**The CHAIRMAN:** Your Vision rights from Sky—do you see in the future that the cost of these contracts with Sky will go up?

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**Mr Burt:** There is not a cost with them—sorry; it depends. The supplier from the track to Sky Channel, there is not a cost, other than the infrastructure and the variable cost if we want to put more meetings up, but there are no rights fees and there is no cost. They just take it.

**Mr Pearson:** To be very plain, we, RWWA, have no vision rights. The metropolitan clubs negotiate individually. The provincial clubs, in 2003, gave RWWA the right to negotiate on their behalf, but they also reserve the right to negotiate individually.

**The CHAIRMAN:** Would RWWA prefer to have the right to negotiate on behalf of all clubs?

**Mr Burt:** We would do it the same way we are doing it now; we would consult and everything. But it would make it a lot easier. It sounds confusing, but we own the data rights, the race fields rights—so the race list, if that makes sense—but we do not own the picture.

**The CHAIRMAN:** You do not own the vision.

**Mr Burt:** It would make it handy if it was one—not handy; it would make it highly constructive if it was one. However, the clubs would probably feel that that is a further level of control that is being empowered to RWWA and they may feel uncomfortable with that. The way we physically operate at the moment is that we are effectively like that for everyone except Perth Racing.

**The CHAIRMAN:** So this is not an impediment on the industry, in your view.

**Mr Burt:** I think anything that increases RWWA's powers might be seen as a bit of an impediment, but in a practical sense, no, it is not.

**The CHAIRMAN:** No, I mean the fact that the clubs are going out and negotiating privately with Sky.

**Mr Burt:** You can imagine what would happen if that occurred. Where five harness clubs delegate their responsibility to us and the balance of them negotiate directly, we are saying that we would like this one to go here because it is of the greatest strategic importance—it generates more or the horses are there—and then you have got Geraldton saying, “No, no, no. We got up there because we happen to know the planning manager in Sky and we get on better with him.” You would end up with a farcical situation.

**The CHAIRMAN:** The only two bodies that negotiate on their own are Perth Racing and Gloucester Park.

**Mr Burt:** Perth Racing.

**The CHAIRMAN:** Just Perth Racing; it is the only one.

pear: It is just Perth Racing now.

**The CHAIRMAN:** Have you spoken to them about letting you do their Sky Channel negotiations?

**Mr Burt:** They are quite happy doing what they are doing.

**Hon MATT BENSON-LIDHOLM:** Is there some sort of long-term viability and security of the industry issue here at stake? To my way of thinking, would it not be better if RWWA just took over the control of the entire situation? I do not know how you would talk Perth Racing into doing that—how you would do it. Listening to what you say, I am disappointed that Geraldton had to do what Geraldton did, but I think that maybe the board needs to show a little bit more leadership here, particularly given the point I make, which is the long-term viability and security of the entire industry, because it is based on vision and betting.

**Mr Burt:** I agree with you.

**Mr Bowe:** I agree with you.

**Mr Burt:** You would have a farcical situation where RWWA is getting the product fees from other states, and it has no control over the coordination of its product as in what it is selling. So you are

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receiving the income from race fields, but you are not actually planning the future of the industry. So you have a situation like you do with the AFL, where you have got a body that can do all of the activities, and do it in a commercially sustainable way. What we have to balance with that is the community interest and other social obligations. As Mr Trenorden said, we are probably going okay; there is room for improvement. But the core function would be aided by the fact that you can coordinate between your race fields receipts and your planning of your vision. That is hand in glove.

**The CHAIRMAN:** And there is no financial benefit to Perth Racing to maintain the rights to negotiate.

**Mr Pearson:** Yes, there is.

**The CHAIRMAN:** There is some financial benefit.

**Mr Pearson:** They negotiate a contract that has an income base for them, I believe.

**Mr Burt:** There is this brand-new product, and so they do get a benefit, but even that is starting to become difficult. Perth Racing in the past have had that autonomy because they have had a bold vision in terms of taking their product into Asia. Sky Channel, from a competitive point of view, have actually probably weakened Perth Racing's value into Asia because Sky Channel is selling Australian racing into Singapore and other jurisdictions in competition with Perth Racing, and now Perth Racing is having to go through Sky Channel to get to those markets. So their vision is being undermined by Sky.

[11.30 am]

**Hon MAX TRENORDEN:** Would we be in a similar position to you, though? Off the top of my head I would say the vision at Perth Racing is actually Perth Racing's asset and nothing to do with the state.

**Mr Burt:** Correct. It is definitely the one thing they own, but when you talk about the sustainability of the industry overall and how do you plan it to maximise that sustainability, without pictures you have not got a business.

**Hon MAX TRENORDEN:** I am actually in agreement with you. From a legal point of view we probably have not got any other power than persuasion either.

**Mr Burt:** There are ways in which, through the distribution model, you can satisfy that. Perth Racing get what they get because they go direct.

**Hon MAX TRENORDEN:** If we made a decision that Perth should go, would we be in a position to do anything about that?

**Mr Bowe:** You could make a recommendation to the government that the issue be looked at in terms of potential change to the legislation, if a change is required.

**Mr J.J.M. BOWLER:** Could you not negotiate on their behalf, under the agreement with them, that if you continue to attract some compensation for those rights, that it would go direct from you to Perth Racing? You would then have the added benefit of having that control.

**The CHAIRMAN:** Those rights are not in any legislation, are they?

**Mr Bowe:** No.

**The CHAIRMAN:** They are vision rights.

**Hon MAX TRENORDEN:** That is the point I am making.

**Mr Pearson:** No, it is not.

**Mr Burt:** It is not state legislation. It comes under commercial copyright and IP, which you could argue is federal.

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**The CHAIRMAN:** Item 22 is one that I do not think we need to spend a lot of time on. It is about the rating system. It was suggested to us by some people there was some concern in the thoroughbred industry among trainers and some owners about the rating system. They did not think it was working. There were small fields and they were blaming the small fields at some Saturday meetings on the rating system. In New South Wales they have moved away from that rating system —

**Mr Burt:** To a benchmark which is equally unpopular.

**The CHAIRMAN:** Can you comment for our committee on whether we go one way or the other? Tell us what the board thinks about the rating system and whether you think it has worked and whether you think the industry should contemplate moving to something else.

**Mr Pearson:** There are a lot of pluses and a lot of minuses in respect to this. It is very controversial. New South Wales never went to a rating system. New South Wales went from a class system to what they have put in place themselves, which, if you look at some of the sites, the leading trainers are now complaining it does not work. They are revisiting it. In our state we have revisited it from the beginning and realised, in conjunction with the chief handicapper, that we were not getting what we desired out of it. We have looked at it and changed some of the ratings around, so much so that race fields' average numbers have increased in the past two years from about 9.3 on a prime Saturday meeting up to somewhere around 11.2 to 11.3 for an average field at the moment. That has been brought about by some changes recommended to us by the trainers' association and the owners' association. We are also looking at whether we should in fact have a separate system for outer country or those places where, if a horse wins four races—for example in Geraldton—its rating goes up astronomically. When that horse comes to Perth, it would be uncompetitive. It should have a metropolitan rating and an outer metropolitan rating. That has been looked at. It is something that I think will eventually be put up to the consulting group for comment to look at to see if we can improve the system we have got. But yes, generally speaking, as I said, there are a lot of pluses and a lot of minuses. It is really an application that trainers and owners need to be fully aware of and work out the best place to place their horse in a race in respect of the rating system. The rating system is universal worldwide but has various changes put into it in each jurisdiction. In Victoria, it has worked very well—they say it has worked well, although I have noticed they are at the moment starting to experiment with country racing in Victoria with their rating system.

**The CHAIRMAN:** The problem with the rating system, as I see it—I have not looked at it closely—if you have a horse in Western Australia that is, say, rated 95, and it went to Melbourne in a race for horses up to 95, it would probably be racing against a much stronger class of horse than it would be in Western Australia. If it went to the UK in a 95, it might be racing against better horses again—I do not know. Is that an issue with it?

**Mr Pearson:** Not that many horses go to the eastern states, Chairman, or overseas for that matter; but they do. The ratings are very difficult for horses going across. One of the biggest problems we have in this state is that we do not have enough horses in the higher rating area to keep them at a competitive rate. Owners and trainers tend to move to the eastern states to try their luck over there.

The other thing that conversely works is you have a group system, listed races group 3, group 2, group 1, contra to a lot of people's thoughts there are minimum prize money standards but the more important one is the minimum ratings. For group 1 you have to have a rating of a 110 plus to be able to retain it; therefore, if you compress your ratings in your state and then you run a Railway Stakes or Kingston Town, which is two group 1s, or a WA derby, and you have compressed the ratings, you will not get to 110 and you lose group 1 status. It is a difficult situation but it is something that the chief handicapper is very much aware of. We are looking at whether we can have the best of two worlds.

**Hon MAX TRENORDEN:** Is it a little bit of a balance? As an owner, I have been in circumstances where I have had my own horse nominated and withdrawn—which is something an owner will

always want—but every now and then you get to Perth Racing and there are five horses in a race, which is the generator of the money that keeps me nominating my horse. Is there a conflict between these very short fields that we occasionally get, and particularly see regularly in Randwick or in the New South Wales system—a little bit less frequently here but there are still enough short fields in Perth to worry me—as against, say, trotting, where it never seems to occur?

**Mr Pearson:** Mr Trenorden, the rating system originally in Western Australia really caused some problems with field numbers. For example, there is a zero to 80 band. What has happened in the past 18 months to two years is we have changed that around. We might now, for the better class horses—it seems to be the better class horses we tend to have the smaller numbers—you now race 75 plus. Therefore the better class horse that is rated at 90 to 95, instead of being asked to lump 60 kilograms, might only have 57.5 or 58; therefore there is a better spread of the weights and the good horses are not being penalised for the higher ratings. We are striving all the time with the clubs and with ourselves to make sure we have the right programs in place. Sometimes we get a four, five or six-horse field, some of it could be attributed to bad race planning in that the calendar might elsewhere have a 2 000-metre race for stayers and you have also got a 2 400 and a 1 600-metre race. It does not gel—we have not got enough horses, particularly at the staying level, so people tend not to start in those races because if they win it with a low rating, but the ratings are higher, they could jump 12 points and they will never win another race. It is a decision-making process. We are trying to address it; and programming also has a lot to do with those field numbers.

**The CHAIRMAN:** We are short of time again. We will move on to 22 and 23 together. Basically, we want to talk about racecourse infrastructure. This is obviously one of the key issues in the submission that was made by RWWA to the committee. RWWA identified approximately \$70 million will be required to meet infrastructure costs in coming years. We have discussed that at previous meetings with you. We know where that money needs to be spent. Recently, the government announced that there would be \$13 million injected into infrastructure as a result of the agreement with Burswood to increase the number of machines. Will this reduce the amount of \$70 million that you say is needed, and how do you see RWWA managing this process? I believe that RWWA will be responsible for allocating those funds—\$5 million up-front and then \$2 million a year over four years.

[11.40 am]

**Mr Burt:** If I may first of all just say what we understand the process is going to be, it has been communicated to me that when Burswood make application to the Gaming and Wagering Commission we understand there is a financial commitment that they have to make. When that commitment is made, whatever time into the future, RWWA, or more importantly, the racing industry is going to be given \$5 million as an up-front payment; it will be available. The process is that the minister is writing to clubs, or has written to clubs, spelling out how things will work and they will be asked to write to Racing and Wagering to put their bids forward: I want to address stewards' towers, I want to fix the track, I want to do the ladies' change rooms for the jockeys or whatever it may be. They will put their various projects forward and RWWA will go through and prioritise consistent with its strategic planning what are the priority objectives that we want to do. It will then be taken on an ongoing basis forward to the minister the recommendations of not only what we would like to see but also the entire list. So it is not just RWWA's list; it is the entire list of what was put forward. Then the minister decides; he will approve what is done.

The minister has made it clear that he would like that \$5 million and the \$2 million for four years going forward to be done on a partnering basis, so that is to be applied with other money to turn the \$5 million and \$8 million into an amount greater than \$13 million, obviously. So his thinking is that if Albany Racing Club, for example, wants to do a project A, it should go to royalties for regions and get a bit of funding and then go to the minister and match the funding, thereby getting a multiplier on that \$13 million. So that sounds good. The difficulty in the initial period is that a lot of

people want to get on and do some urgent projects and we understand that not only is the up-front payment not available yet, but also there will not be any funding release from the new royalties program until about July next year, so it pretty much means: what do we do for 12 months? I have not had that made clear yet from the minister; that happens in the next week.

**The CHAIRMAN:** So you are happy for the minister not to be involved when a club is closed or having any interference with RWWA, but you do not mind him being involved in the allocation of money and negotiating deals with royalties for regions money—are you happy with that?

**Mr Burt:** My understanding was that that is the process; “I have your \$13 million and that is the process”. Ideally, the money would be made available for RWWA to be able to determine where it gets allocated but we are very respectful and grateful for \$13 million, so we will work within the process!

**The CHAIRMAN:** The point I am making is that if the government wants RWWA to be independent, because the government has great confidence, obviously, in RWWA and the way you administer the racing industry, would it not be better for RWWA to allocate that money?

**Mr Burt:** The previous program that was put up by the Labor government, which was \$20 million and RWWA matched it with \$5 million, that worked in a similar way and it worked very effectively.

**The CHAIRMAN:** Did the minister allocate and tell you where the money was going?

**Mr Burt:** Gave final approval, but RWWA —

**The CHAIRMAN:** Does that not politicise the whole process?

**Mr Burt:** Potentially, but what I guess we were working with, Chairman, is that ideally, yes, the money should go to RWWA; distributions go to RWWA, its ability to run autonomously is within RWWA—that is the ideal. However, if you are given the opportunity to get infrastructure funding that is so critical, you are going to work with the program and that is what we are doing.

**Hon MAX TRENORDEN:** So are we saying that there is going to be a ratio of about seven to one on oversubscription?

**Mr Burt:** By the maths, it is pretty close to that. The trouble we do have is that \$19 million of the \$70 million, as you know, is Cannington Greyhounds and, clearly, a \$19 million program does not fit into \$13 million, so it is almost excluded from this program entirely. The money that is being made available through the \$13 million is for minor projects; there are no boundaries but it is typically programs, I would imagine, under \$1 million.

**The CHAIRMAN:** The point we are making I guess is that you came to us and said, “We need \$70 million.” The government has now given you \$13 million, which will be allocated by the minister, but it is still going into infrastructure. Do you now need \$70 million or do you need \$57 million?

**Mr Burt:** By the maths, \$57 million but most importantly we need recognition to be able to fund as a minimum about \$6 million a year and ideally about \$10 million and above a year for racing industry infrastructure. As you correctly said, the number we have put up is \$70 million over five years, so roughly we have \$12 to \$15 million a year of need. The \$13 million is clearly inadequate in addressing all of it but it goes a healthy way toward something.

**The CHAIRMAN:** Okay; I think we will stay on this subject now because we have been looking at it. The previous way of providing money for infrastructure was, obviously—and we have spoken to you at previous hearings about it—the racecourse development fund, which was funded out of unclaimed dividends. Evidence you have given to us also indicates that RWWA gets about \$35 to \$38 million a year out of roundings —

**Mr Burt:** Fractions, yes; I think it is slightly higher than that.

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**Hon ALYSSA HAYDEN:** It is \$46 million.

**The CHAIRMAN:** So you get \$46 million out of roundings, unclaimed dividends are roughly —

**Mr Burt:** About \$6 or \$7 million.

**The CHAIRMAN:** So you have about \$50 million there. If RWWA made a decision to put that money into a fund to fund the infrastructure, how would that impact on prize money?

**Mr Burt:** All of it would come out. It is currently distributed.

**The CHAIRMAN:** I know it would come out of prize money, but how would it impact —

**Mr Burt:** We distribute \$105 million.

**The CHAIRMAN:** Can you give me an example? At Ascot would they be racing for \$35 000 a race or \$45 000? What sort of impact could —

**Mr Freemantle:** Take 15 per cent off the stakes.

**Mr Burt:** If we are distributing \$105 million and our need is, say, \$15 million, Mr Freemantle is correct. If we assume 15 per cent, 15 per cent off means that you could do it through club funding, which you cannot afford to do because the clubs are skimming along as they are. So if you said it was across-the-board, yes, you could take a \$50 000 Saturday race and take 15 per cent from it. That would be a very rough method of calculating the impact.

**Mr J.J.M. BOWLER:** I have heard you give three different sums; you would like \$10 million, \$6 million would be okay and now it is \$15 million. If you were going to set up a continual infrastructure fund—not an ad hoc basis of here is one lot of money and two or three years later that has all run out—that was going to meet within reason, not just the wish list and the castles in the air, but a general wish list of what the industry needs —

**Mr Burt:** Our needs are \$15 million a year. The \$70 million is our actual needs for racing over five years. Breaking that down, it would be \$15 million a year. Sorry, the reason I put a floor in it is that I am so used to dealing with lesser amounts because the ideal is not available.

**Mr J.J.M. BOWLER:** That is ideal but, as I said, to be realistic what would we recommend, if you were sitting here, that the government set up as an infrastructure fund with an annual payment into it.

**Mr Burt:** I would be suggesting, and I know I answered this previously in a meeting, something equivalent to a one per cent reduction in tax would be an infrastructure fund.

**Mr J.J.M. BOWLER:** How much would that provide?

**Mr Burt:** That would be \$15 million.

**The CHAIRMAN:** That could be achieved through that one per cent tax reduction.

**Mr Pearson:** Chairman, in addition to that, it might be a different figure if you are able to clear the \$70 million out and start on a zero base. One of the problems you have at the moment is that we have estimated the figure at \$70 million take away \$13 million so there is \$57 million. If that \$57 million was not sitting there and we had funds to use that and fix everything up and we started at scratch, you would probably find that if you had an infrastructure fund of \$5 million or \$6 million a year, and you are able to then work it through off the zero base that you would probably be able to manage it more along those lines, but it would be —

**The CHAIRMAN:** Could you fund that yourself?

**Mr Pearson:** What—the \$57 million?

**The CHAIRMAN:** No, if you got the \$57 million, could you fund the \$5 million a year out of revenue?

**Mr Burt:** Not at the moment.

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**Mr Pearson:** Not at the moment—no.

**Hon MAX TRENORDEN:** Part of the question is that the \$20 million for the greyhound situation will not go away. So one of the things this state could do, considering the state has been the controlling body for greyhounds, or was for a long time, is look at that as an independent process, but if that occurred you would still be left with \$37 million.

[11.50 am]

**Mr Pearson:** Of which one major project is recognised at Bunbury—it needs training facilities.

**The CHAIRMAN:** Is it about \$15 million at Bunbury?

**Mr Pearson:** That is the total, including a new track as well. But stage 1 is about \$8 million, which includes a synthetic track. That would then enable us to have a synthetic track for training in the state, which we could then see for ourselves and work with to ascertain whether there is a future for synthetic tracks in the state, and then we would have something to work off in our own environment, not in someone else's environment.

**The CHAIRMAN:** I think the committee basically understands the infrastructure needs. We will be, obviously, looking at that very closely and making some recommendations.

**Hon MAX TRENORDEN:** If I go as far back as I can go politically, the state has always been interested in keeping a hand on the infrastructure. Part of that is because the state actually gets pressure from those communities for that infrastructure, as you do. That is why I asked that question a little earlier on about do we link it into the administration, as we talked about, or do we link it into the board, or does the minister always have some sort of part in the process? I do not think the minister wants to give out money to, say, my club—Northam—but I think the minister has a social interest because the racing industry is the third biggest employer in the state, and there is a whole raft of cascading interests competing for that money. What do we do about that? I am trying to say that it might be easier to get money out of the state if there is some sort of ongoing process. My fellow committee members will tell me if I have got it wrong, but the Queensland state government seems to have said, “Here's \$80 million; don't ever come back”, which I think is naive, because they will come back.

**Mr J.J.M. BOWLER:** They will be back.

**Mr Pearson:** Mr Trenorden, I understand, from the chairman of Queensland Racing, that that \$80 million has come in via the government, via a reduction in the tax.

**Hon MAX TRENORDEN:** But the clear message I got from the members of Parliament over there is that, “We've got rid of the racing industry.”

**Mr Bowe:** Yes, well. They have got rid of the racing industry for that term of government at least.

**Mr Burt:** We have the strategic plans —

**The CHAIRMAN:** Is the point you are making that you would not like to see an infrastructure fund set up outside of RWWA, like the old Racecourse Development Trust Fund?

**Mr Bowe:** No.

**Mr Burt:** If we are governing the industry, we are setting the strategic plan going forward, we are managing race dates, we know the needs of the business, and we should be able to do the capital improvements associated with that. That would be ideal.

**The CHAIRMAN:** Question 25 states —

Do you have an opinion on whether the proposed expansion at Burswood will have an impact on future applications RWWA may make in relation to expanding its product range (for example to include virtual racing)?

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**Mr Burt:** I think it is going to be more a question of the government's attitude towards changing public policy at the time. I think it is irrespective of—your question being: will the decision of Burswood have an impact; no, I think they will be independent, but it will be very much down to public policy on the day.

**Hon MAX TRENORDEN:** But also we have had evidence—I actually support the other evidence—as to whether it is actually viable. If it was my company, I would not be putting virtual racing out there.

**Mr J.J.M. BOWLER:** What about Keno?

**The CHAIRMAN:** Let us start on virtual racing first, because we have had some evidence that it is not going to be a big revenue raiser for the TAB.

**Mr Burt:** The revenue, in actual terms, out of Victoria, as reported by Tabcorp in its 12-month results a week ago, was 5.1 per cent of overall revenue—that is a big number.

**Hon MATT BENSON-LIDHOLM:** That is significant.

**Mr Burt:** That is a big number of revenue, not turnover.

**The CHAIRMAN:** What would that be in Western Australia?

**Mr Burt:** Our wagering market is very similar. They have a higher predisposition to wagering in Victoria than we do. But even if it was three per cent, you are talking pools or business size similar to quartet pools. Would you take away quartets? No.

**The CHAIRMAN:** Could it be \$4 million or \$5 million a year?

**Mr Burt:** It would probably generate in the order of about \$3 million to \$4 million net, after costs, to help fund racing. What we have to remember is—like in many businesses—there is not another win, place, trifecta business or product that you can bring in under your licence. What we are dealing with here is on the fringes of how do we bring in additional product that is politically acceptable, socially responsible, but still feeds the racing industry in a more sustained way.

**Mr J.J.M. BOWLER:** What would you think if we said that to establish an infrastructure fund, the government forgo a certain percentage of that one per cent—let us say half—which gives it about \$7 million a year, and that RWWA top that up with any proceeds they make from virtual racing?

**Mr Burt:** That would be certainly heading down the path of what we are recommending; it is consistent.

**Mr J.J.M. BOWLER:** In other words, you are putting in a bit and the government is putting in a bit.

**Mr Burt:** That is consistent with what we are recommending in our report, as you know.

**The CHAIRMAN:** On that virtual racing, we have a question about your understanding of the process; obviously, the process would rely on the government to approve it. If you wanted to bring virtual racing into the TAB, the act would have to be amended to allow it, or not? Could it be done by regulation?

**Mr Burt:** Yes. The act already has the powers to allow RWWA to do gaming. Burswood, because of its act, has the exclusive rights, so one would have to negotiate with it. But, most importantly, regulations would have to be authorised by the government and be acceptable to the cabinet and the government departments and have to fit public policy.

**The CHAIRMAN:** Would you look at putting it into all agencies—PubTABs, whatever—wherever there is a TAB?

**Mr Burt:** We would be recommending—this is obviously something that would have to be thought through in great detail—that it would go no further than TAB outlets, being TABs and PubTABs and ClubTABs; so licensed TAB venues, not any further.

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**The CHAIRMAN:** Not on racecourses.

**Mr Burt:** Racetracks might have some application. Again, under their own act, they are a racing venue, not dissimilar to a TAB, where wagering is carried out. But I am talking about not going into the general areas of the community.

**The CHAIRMAN:** Shopping centres and thing like that?

**Mr Burt:** Correct.

**Mr Pearson:** If I may, that is where the New South Wales government has made allowance for virtual racing to be put into the clubs, and they are going to fund the \$150 million to the racing industry in New South Wales on future profits that would be got out, and they would be paid back by the future profits out of virtual racing.

**The CHAIRMAN:** Are they only talking about \$8 million a year?

**Mr Pearson:** They will pay it back over 20 years.

**The CHAIRMAN:** Mr Bowler also asked about Keno; which would you prefer out of the two if you had a choice?

**Mr Burt:** I have to be mindful that it is one thing for me to sit here as a businessperson looking to fund racing, versus what is acceptable public policy. The racing product, trackside-type simulated virtual racing is more acceptable and closely aligned to racing. The bigger revenue generator, if I can look at it purely from a commercial point of view, is Keno, and it would probably be at a ratio of about four to one, to give you an idea of the impact. But, again, it has to be like everything; it has to be what is politically acceptable, socially acceptable, and fits in with the government's agenda or public policy.

**The CHAIRMAN:** Moving on to question 27: we talked before about the Victorian wagering licence, and the government announced it would make some changes and it would offer the simulated racing games, and also an exclusive betting exchange attached to the licence. What ramifications do you see this having on the long-term competitiveness of the WA racing industry?

**Mr Burt:** Chairman, the issue is directly linked, so the stronger the Victorian—or any other state—racing jurisdiction is, the more competition it provides to this state. That applies to any state activity, does it not? If a state has more arts and tourism, and another state has less, then there is more dependence on fewer income streams. From a racing point of view, the stronger the Victorian licence is, the more they can distribute to their industry, the greater the prize money, the more the owners will go there, the greater the media will cover it, and so on. We need to recognise that our racing industry is present, that it needs to be funded, it is a large contributor of employment et cetera, and it needs an ability to be independently funded. I have said to many people that RWWA wishes to have enough revenue generation capability to not have to go cap in hand to government.

[12 noon]

But at the moment the public policy is not to do that, and so you do have to come cap in hand, such as on infrastructure. The benefit of actually having a licence for a betting exchange at this point and in the foreseeable future, such as in the next two to five years, is marginal. It is of limited benefit because it requires great scale, and the market for betting exchanges is still niche. The tote market is dominant in terms of market share; it still occupies a very large amount of market share. That market is moving towards fixed odds, and the market for fixed odds is highly competitive; it does not get any more competitive than the fixed-odds market. The market for betting exchanges is niche, but it will grow. In the future, the value of a betting exchange is real, but at the moment it is not the priority. It would be more of a priority to have a simulated racing game than it would be to have a betting exchange licence.

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**The CHAIRMAN:** Going on to 28, will this announcement in Victoria affect your pooling fee negotiations when the current contract runs out?

**Mr Burt:** The issue of our pooling is that we have security of pooling only until August 2012, so we now have a short list of three operators in Victoria, as you know—Tatts, Tabcorp and Ladbrokes. We have gone to Tabcorp, the current licence holder that we pool with, and said that we want to talk beyond that. They have said, “Until we know we’re a licence holder, we can’t do that.” So we are stalled on that front. To ensure the prosperity of the WA racing industry, we are looking at other options at the moment. We are not going to be put in the position that we were in 18 months ago when we effectively got six months’ notice and had very little option. We are doing our planning at the moment to make sure that if we are given a hostile reception in Victoria by the licence holder, because then they wanted to gouge us further in pooling fees, we have a viable alternative. That is the front we are going down at the moment.

**Mr J.J.M. BOWLER:** Should we have national pooling, and is there a role for the Western Australian government to play a hand in that?

**Mr Burt:** I think we touched on this previously. There is a lot of benefit in having national pooling, absolutely. Will it happen in the short term, and I am talking within five years? I doubt it.

**Hon MATT BENSON-LIDHOLM:** Is there something specifically that someone who sits on the board could do research on? I think that it certainly sounds like something that needs to be more than just talked about.

**Mr Burt:** Just to give you an idea of the shares here, of the parimutuel market, we are about eight per cent. Tabcorp, through its two licences that it currently has—and that may change—holds about 60 per cent. We are not dominant in the Australian landscape; we are a voice. I would say that the forces of change have to come from a commercial discussion between TABs and Tabcorp, and we will then be able to be a party to that arrangement. We are not going to be able to drive it. We are certainly a party at the table. But they first of all have to have a spirit of cooperativeness to do this, and then that has to be sanctioned by the ACCC, the competition regulator.

**Mr Bowe:** The Productivity Commission also talked about this regime.

**The CHAIRMAN:** But the Productivity Commission is not in favour of it, is it? It would prefer fair competition between the states.

**Mr Bowe:** It had previously expressed some reservations about it.

**Mr Burt:** I think the ACCC would be against it at this stage, because the bookmakers would put up a large voice of protest. At the moment, they get a lot of benefit out of the arbitration between pools and if there was one pool that would weaken their offer potentially. Is it desirable? Yes, it is. Very big pools across a wide range of races create a lot of liquidity, but are the wagering operators, who are private companies, willing to do that? No, they are not at this stage. Is anyone going to force them to do it? No, they are not. Is there going to be resistance by regulators to them? Yes, there will be because there will be protests from stakeholders. It is a long-term thing.

**The CHAIRMAN:** Just getting back to the point you made before when you said that you were preparing a strategy, if you get caught again in a situation in which the gun is held at your head with regard to product fees, and if Tabcorp gets a licence for Victoria, you will have a situation in which you have only one other pool to go into, will you not?

**Mr Burt:** What I would like to say at this stage, if I may, is that it is so commercially confidential that I would like to be able to not go into detail. But suffice to say that we will not be caught the way we were. We actually have good liquidity that we add to other pools. We are a business of pools—one and a half billion—and we are working down those options at the moment.

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**The CHAIRMAN:** We have covered betting exchanges. The question was: would you be prepared to run a betting exchange? I think your suggestion was that it is something you might look at, but you do not think it is —

**Mr Bowe:** It is not high on our list.

**The CHAIRMAN:** It is not high on your list.

In question 30, we talk about the operational requirements governing TABs as defined in an agreement rather than in legislation. It has been brought to the committee's attention that perhaps the current business model is not optimal as it is overly prescriptive in terms of opening hours and what can and cannot be done in a shop, yet matters such as territorial rights are not recognised. Some of the TAB operators have said that they are very restricted in what they can do in their agencies. Obviously, they have to get approval. But territorial rights are not recognised. I personally think that one of the biggest challenges for RWWA is that, as you move out with your self-serve terminals and things like that, which I support, and they go into clubs and places like that, what happens with your traditional agents and their territorial rights? Do you see a day coming when you will have to buy them out? How are you going to handle this expansion out into the community in terms of new-look betting terminals and opportunities?

**Mr Burt:** Can I just say, Chairman, so there is not a perception through *Hansard* that we are going into this massive expansion mode, that we, like Burswood and other gambling organisations, operate within a very regulated framework, as you appreciate. We have to be prescriptive to our agents because they are operating as licensees, if you like, of our licence in providing gambling services, so it has to be prescriptive. It is not that we are trying to be overly prescriptive; it has to be because we are regulated by the Gaming and Wagering Commission and there are certainly many requirements that it requires of us. Certainly, we take that to a higher degree. We say that we would like them to be open these hours because we like to be able to provide our service. We do not want to be in a situation in which we say to our customers that the race program is from, as you know with international, pretty much here to here —

**Hon MAX TRENORDEN:** It is 6.00 am to after midnight.

**Mr Burt:** — and agents say that they are quite happy working from 10 through to four, and then customers knock on the door and find that it is shut because they do not choose to open. If you buy a TAB, you are buying a business that is in a highly regulated industry. If they are not comfortable within that framework, we should not have people buying those sorts of licences; they should be buying a deli or a Foodland or something else.

**Mr J.J.M. BOWLER:** In fairness to some of the older ones, they started when it was Friday night, Wednesday afternoon and Saturday afternoon.

**Mr Burt:** And, in fairness, they have done a very good job of evolving with the product. But if they have got to the point—I respect the hours they work; I know it is incredible—that this is too much for them, they have a transition opportunity. They are not made to run the business, and this is what we have to recognise. There has to be a churn whereby people come in, they give their best, they make a good income and then they move on.

**The CHAIRMAN:** What about restrictions on things they can do inside the agency? Apparently, the regulations are fairly strict on what they can do inside the agency.

**Mr Burt:** Do you have an example?

**The CHAIRMAN:** Rebuilding and things like that and the use of advertising.

**Mr Burt:** I appreciate the feedback; otherwise I would be clutching at straws. Like anything with human beings, you have ones who are very professional and you have others who are very creative. For example, you can walk into an agency where, let us say, the TABs standards are not properly enforced, and you may have seen some of these. There will be signs that say “Don't talk”, “Don't

use your mobile phone”, and “Don’t walk” and they are all littered around the wall and it is literally like someone has done confetti with a glue stick and it is a mess. If you walk into a Dome or a McDonald’s there is a set of standards. Anyone who works in those environments—let us face it, there are hundreds of them—knows that that is the standard. All we are saying is that we want the race day put up in this particular way and we want these televisions turned on. We have situations in which we upgrade agencies and agents do not turn the power on because they want to save on the air conditioning.

[12.10 pm]

So you go into an agency and the reverse cycle air conditioning is not turned on, or they refuse to turn on lights, so we have to be prescriptive in saying that lights will be turned on. You and I would look at that and say that that is a no-brainer. There are situations in which many are very good professional agents, but you do get a couple who just protest and say, “Well, I’m not doing that.” The reason we do not want agents upgrading their own agencies is, again, what standards would they apply? I would be very happy if you could trust agents to spend the capital to do it to a certain quality, because it would be their capital they are investing. Typically, that is not the case.

**The CHAIRMAN:** What about if an agent wanted to be a bit entrepreneurial and advertise some of the local —

**Mr Burt:** We fully encourage it. In fact, it is a bit like royalties for regions, we match their advertising dollar for dollar.

**The CHAIRMAN:** Security has been raised with us—lack of security screens and things like that at agencies.

**Mr Burt:** Security is something that goes through cycles, but is always a threat. We tend to find with TABs that we get a period where there might be hold-ups and then it will go away and people either get caught or they learn very quickly that we have extremely good CCTV footage and they stay away from us. That alone is enough of a threat. In our dedicated agencies, we have about 90 of those. In the most recent spate of robberies we had, they have come in after hours and dug out the safe. We have taken steps to make sure we can deal with that. The police are working with us. The incidence of robberies is very low. Where we believe we have high-risk areas, we put in the agreed security standard that we have agreed with the agents, which is those screens that have wires across so you cannot jump over the counter. We try to create an open atmosphere for the customers so that it is a retailing-type atmosphere as opposed to a bunker.

**The CHAIRMAN:** The agents can see pressures coming. I think in Mt Hawthorn, the hotel over the road from an agency is going to get self-serve. That will obviously impact on the agent. With agents that have been there for a long time and paid for their franchise, what steps are you taking to assist them with circumstances that might arise from time to time?

**Mr Burt:** For the group’s sake, it is not a franchise; they do not have territorial rights; it is an assignable licence. You have the right to operate a TAB and the customer comes to it as opposed to a territory, which is, typically, a franchise.

**The CHAIRMAN:** Normally a TAB would have said, “When you have a licence we will not put one down the road from you or over the road; we will give you a bit of a region.”

**Mr Burt:** No, never.

**The CHAIRMAN:** You do not say that?

**Mr Burt:** Never. I have been involved with the TAB over a period—I left and came back—and we tested a thing called a satellite PubTAB in 1998 and proved at Rockingham, outside an agency on the main Port Kennedy Drive I think it is, opposite one of the hotels, 20 metres away we put in a close-proximity PubTAB that it did not have any impact on the agency. In the Mt Hawthorn case we are looking to put a PubTAB into, I think, the Paddington Ale House, approximately 50 metres

across that main road. With regard to the operation of hotels—we probably have 40 of these self-service outlets, many of which are in close proximity—they have minimal impact, but they generate a whole lot of new custom because the person does not want to leave the hotel to put a bet on and then come back and so on; he just stays at the bar. There is impulse spend that they are prepared to put into a TAB if the facility is in front of them. With regard to the protection we put in place—not through contractual requirement but through reasonableness—we have built into our new contracts that we will give them compensation whereby, if they earned \$100 000 last year, to pick a number, and their income dropped because we got it wrong by planning an outlet, and if we wanted to keep it there because the sum was greater and their earnings fell to \$90 000, we would pay the \$10 000. We have a form of voluntary compensation in place.

**The CHAIRMAN:** That is good.

**Hon MAX TRENORDEN:** Does the legislation still say you cannot have a toilet in the TAB?

**Mr Burt:** No; strictly not, otherwise we would be in breach of it.

**Hon MAX TRENORDEN:** It did have in 1964, or 1962, but the debate at the time said they were not to have toilet facilities.

**Mr Burt:** That is not the case now.

**Hon MAX TRENORDEN:** You do note as you go around with a lot of older people that they do not tend to have access to toilets.

**Mr Burt:** Part of our plan is to upgrade the agencies. The board is dealing with a major infrastructure plan at the moment for agencies, which is about modernising; continuing the modernisation program of putting in toilets, making them more aesthetic with fixtures, fittings and services, and making them more secure.

**Hon MAX TRENORDEN:** Should it be an option to buy a lotto ticket at a TAB agency or a TAB ticket at a lotto agency?

**Mr Burt:** We do not believe so. We do not believe there would be a great deal of gain out of that because if we became a distributor of them and they distributed us, we recognise that the lotto brand and its resellers occupy a different part of the market. From our research, when you go to buy lotteries you are buying a different aspirational-type prize.

**Hon MAX TRENORDEN:** People tell me that it is not actually gambling.

**Mr Burt:** That is the way they brand it; they do a very good job of branding it the way they do.

**Hon ALYSSA HAYDEN:** They donate back to the community.

**Mr Burt:** If I lose, I am donating back to the community, but the point is that if you sold lotto tickets in TAB outlets or in pubs it would not generate a great deal of benefit.

**The CHAIRMAN:** Can you give us some sort of vision of where you see the various codes? You told us about harness racing. What is your broad vision for the future of thoroughbred and greyhound racing in this state?

**Mr Bowe:** We want prosperous and sustainable industries going forward.

**The CHAIRMAN:** But will that happen?

**Mr Bowe:** I think it will. We are particularly mindful of the fact that the racing industry is a large employer of people, some of whom have skills suited only to that occupation, so we need to make sure that these are sustainable as we go forward. Apart from that, I will toss the answer to Bob to address.

**Mr Pearson:** From the thoroughbred point of view, I think without trying to be biased, thoroughbred racing is the product of choice of the gambler. That is shown by statistics: 60 per cent of wagering comes out of a particular code; in other states it is greater than 50 per cent. It seems to

be that when you talk to the TV providers, it is certainly loaded towards greater vision of thoroughbreds because it has greater appeal, particularly overseas. When one looks at it, I think that, whilst we may not in the eyes of many people in the thoroughbred industry be matching it against the eastern states, in reality, I think from where thoroughbred racing has come—I am on record before saying I think we have a ratio of, generally speaking, prize money being adequate in this state, and we need to get on and fix up the infrastructure side. I think thoroughbred racing has a positive toward it. It does have some areas in which we need to make sure we have jockeys coming through. Probably the greatest downside for racing is young or small people in the industry with the weights, who are able to ride a horse and who want to be in the industry. That is something we must be very much aware of and working toward. The thoroughbred industry in this state is certainly an industry that will continue to grow and stay strong, but at the same time, there is no doubt that a number of people, particularly from harness racing, have transferred to the thoroughbred side of things. They have not been enticed over; they have made a decision themselves to come across. That is something we have to recognise because, as we said earlier, whilst the harness industry may have been declining in the past few years, it still has a very important place. Greyhound racing in the state continues to grow and prosper. It is recognised throughout Australia as one of the strongest states from a prize money point of view. We have a large number of greyhounds in the state and now we must address the infrastructure needs at Cannington to be able to continue. So, I think the three codes overall do have a future. But we do have a clouded future for harness if it continues to stay at the level that it is staying at, when the other two tend to be growing.

[12.20 pm]

**Hon MAX TRENORDEN:** We did hear some evidence in the eastern states that greyhounds is a significantly better product provision—it never has problems with barriers; it never has false starts; it starts on time; all the colours are the same; it finishes at exactly the right time; and you can control the vision.

**Mr Pearson:** Except sometimes the bunny does fall off the rails, but that is not a common occurrence!

**Hon MAX TRENORDEN:** I have seen it. I have seen dogs catch bunnies. But, nevertheless, there is an argument about greyhounds being the better product for vision.

**Mr Pearson:** I think also that it is recognised that greyhounds, while we do not have Lotto, in a lot of the PubTABs it is called dog lotto, if I may use that term, and people are betting on numbers, because every couple of minutes there is a greyhound race somewhere.

**Mr J.J.M. BOWLER:** This is a little pet topic of mine that I have come across in the last two or three months—it is probably going to take 10 years to get people to accept it—but you are talking about people sitting in a PubTAB after work, there is a lot of noise, and they bet on the dogs, because they can see that if they are betting on a five, it is the yellow dog. So they are not having to say, as they do with the horses, “Which one is mine?”, and because they do not know which horse is their horse, at the end of the race they say, “Bugger that. I’m not going to bet on Ballarat horses any more. I will just bet on the dogs.” Why does RWWA not go to the clubs and develop a system where number one wears red, number two wears black and white stripes—the same as the dogs—and, when you get to number 11, it may be red with white sleeves, and a white hat and so on. It is very easy. So, across Australia it would become known that I go and bet on Western Australian races and trots because I can tell, sitting in the PubTAB, what I have backed.

**The CHAIRMAN:** So we can say that the race has gone to the dogs!

**Mr J.J.M. BOWLER:** Well, I reckon that is where we will be in 10 years’ time, and the first club to do it will get the bigger turnover.

**Mr Burt:** You might be a visionary. But, as you know, the feedback is that I want to be able to see my driver’s colours, I want to be able to see Chris Lewis’s or Morgan Woodley’s colours.

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**Mr J.J.M. BOWLER:** And maybe you would do that for the main race. You could say that the main race at Belmont on a Saturday is the guineas, and if you have the good luck to get a horse in the guineas, you carry your own colours.

**Mr Burt:** It is not through a lack of initiative

**Mr J.J.M. BOWLER:** Has anyone ever complained about the dogs—that they want to put their own colours on a dog?

**Mr Burt:** No, because it is not custom and practice. The concept was tried at Pinjarra.

**Mr J.J.M. BOWLER:** And I understand that it was very successful at that meeting.

**Mr Burt:** It was a step in the right direction. You have just got the normal factors of resistance to change. It is an admirable idea, and it does create some uniform standards. But there are a lot of stakeholders who would be dead against it.

**The CHAIRMAN:** I do not think Mr Pearson would like his horse to be racing in all pink, would he?

**Mr Pearson:** Well, Chairman, I do not have any colours. I just race in the trainer's colours because it is a lot easier to identify.

**Mr Burt:** I think, in all honesty, that there is not much we can do to change racing. In other sports, there is one-day cricket, there is Twenty20 cricket and so we go on. There are different versions. You cannot exactly do that with horseracing in particular—and the three codes for that matter. Greyhounds has probably got as close to quick timing as what you can get. In harness and in thoroughbreds, the same people are competing, but different animals are competing in each particular race. So you have got to have a half-hour interval to be able to do things. But I take the point that Mr Bowler makes. Maybe that is being innovative, and one day in the near future we should at least go to the industries and talk about it, because you need something, I think, to liven it up a little bit. Chairman, you and I have been around the racetracks for many years, as other members have. It has not changed a lot. But the people have changed.

**Hon MATT BENSON-LIDHOLM:** Innovation in the whole racing industry is a very significant issue and concern. Did the board, through the CEO, take much notice of the Pinjarra —

**Mr Burt:** Experiment.

**Hon MATT BENSON-LIDHOLM:** — yes — experiment that occurred earlier on? I think it was basically nine or 10 races, and they were over all a mile. Did the board take any particular notice of that?

**Mr Burt:** It was instrumental in supporting the club. The club came up with the initiative, and we were very much behind it. We supported it financially by raising the stakes, and we also got behind it with the marketing dollars.

**The CHAIRMAN:** But they were only eight-horse fields.

**Mr Burt:** It was nine across the front. Sorry, I do not want to be argumentative! But the concept had merit, though, because what they were trying to do was come up with effectively sprint racing and take away this handicapping front and back. It was a terrible day to do it on. I mean, it was so oppressive from a temperature point of view that it was just terrible on course. At the moment they are going through a reconstruction phase with their stand. Of course it showed some signs. But, like anything, you need to do this over time, and it needs to become a product that people become comfortable with.

**Mr J.J.M. BOWLER:** So a punter in a TAB after work gets used to it and says, "I'm betting on Pinjarra because I know who my horse is every time".

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**Mr Burt:** What we find challenging is that we will sit down with the harness group. If we were sitting around this table with all of the different eligible bodies and we said, “Right; we are going to do this”—we do have the power at the end of the day to say we are going to do this—we would be shouted out of the room, because the couple of people who are for change would say great, and the 98 per cent of others would say no.

**Hon MATT BENSON-LIDHOLM:** But is not what happened at Pinjarra, though, very much the same as what traditionally happens, say, in the United States, where most of their racing is over a mile, and that is exactly what they do? I just wonder what sorts of turnovers per capita exist in the United States compared with here.

**Mr Pearson:** The decline in what they call trotting in the United States is remarkable in how much it has declined, and people are complaining. In many instances it is the same thing repeated over and over again. Yonkers Raceway in New York was considered the ultimate —

**The CHAIRMAN:** Mecca.

**Mr Pearson:** Yes, Mecca of harness racing. If it exists now, you hardly hear about it. It is in a decline. I was amazed at the amount of negative that came from people within the industry of harness who I met on the streets and who said to me, “I hope you are not going to continue with that down at Pinjarra. That is taking away our brand and taking us away from what we want”. There was a lot of negativity. But, from a punting point of view, from a something different point of view, I give it a great tick. It is a re-education. A lot of these people do not like change.

**Mr Freemantle:** You need to bear that in the forefront of your mind. It is an industry that is very, very conservative and is highly resistant to change.

chai: But you also got people paying to have their horses trained, and the one thrill they get is going to the races and seeing their colours going around. So I commend the member for Kalgoorlie for his bold initiative!

**Mr J.J.M. BOWLER:** Jump on board!

**Hon ALYSSA HAYDEN:** Are we now moving on from that section?

**The CHAIRMAN:** We need to get on to question 32b.

**Hon ALYSSA HAYDEN:** I just want to ask RWWA for its view. Does RWWA recognise the importance of maintaining a greyhound track in the metro region?

**Mr Bowe:** Yes, we do. Negotiations are still proceeding, as I understand it, between CAHS and greyhounds about appropriate lease arrangements. I understand there may have been a discussion. I think there has been a new chairman appointed for CAHS recently, and there have been discussions with the minister. We are supportive of greyhound racing in the metropolitan area, but not at any cost. We have got to see what the terms of the renegotiated agreement are.

**The CHAIRMAN:** We have already spoken about question 32a. There is a question here from the member for Albany —

Will clubs with proactive committees such as the Albany Harness Racing Club be encouraged to have more races in order to boost harness racing in the Great Southern?

**Mr J.J.M. BOWLER:** Are they going to subdivide that car park?

**Hon MATT BENSON-LIDHOLM:** That goes back to the colours question—forget about it!

**The CHAIRMAN:** The member for Albany will be reading the *Hansard*! I am very supportive of the member for Albany. The member for Albany just raises the point about his local club. Will it be encouraged to have more races, or is there a potential for more meetings at Albany?

[12.30 pm]

**Mr Burt:** There is the potential for more meetings at Albany on the principle that the areas that are outlying need a certain number of meetings to be sustainable. Kalgoorlie, for example, has 14, and without going over the past, 14, we believe, is sustainable. Albany, which has eight, is sustainable but not optimal. However, the principle has to be we are not having any more meetings; if anything, we want to bring it down as per Geraldton, so it would have to come from another area, and that is the next stage that we need to work through. We are recognising in our strategic plans that we can bring change at a reasonable pace, not all or nothing. We are taking it through; we are not trying to be coy. We are just trying to deal with stakeholders who really have not had to deal with a lot of change, and we are doing it at a respectful pace.

**The CHAIRMAN:** We are nearly finished now. Would you gentlemen be able to stay for another 20 minutes or half an hour for a closed session and some questions on the financial figures you have provided to us? We will do that as a closed session.

**Mr Burt:** Okay; sure.

**The CHAIRMAN:** In question 34, we talk about the social and community values of racing, and that was a thread that we felt in most of our inquiries, especially in the country areas, that people were concerned that RWWA, given its charter to foster the development and promote the welfare of metropolitan and country racing, that some of the decisions of RWWA might not be paying due credit to the social and community values of racing in those country towns or areas.

**Mr Burt:** In answer to your question, Chairman, RWWA is absolutely committed to community and regional racing; there is no question about it. In terms of whether we are doing everything possible in that pursuit, no, we are not. We would like to have more funding available to do more marketing and more branding. We have started a brand called Country Racing, we have someone dedicated to marketing Country Racing, and —

**The CHAIRMAN:** Is that just thoroughbred or harness?

**Mr Burt:** He covers a number of products, but naturally thoroughbred gets a lot of the share. His name is Julio Santarelli. The goal is to promote country racing because it is a very competitive product in its local region. We see racing having its strongest presence in the bush. When we go to Broome, Kalgoorlie or Bunbury, people turn out; it is the dominant day-to-day product, and we need to maximise that. It is a lot harder in the metropolitan area to get that same focus, I have to say, but we are still committed to driving metropolitan racing as well.

**Hon MAX TRENORDEN:** I agree with you. Where I have lived all my life, born and bred, my father used to pack me in the car and we would go to the trots or the racers. I would say very little of that is now occurring. There is a catchment area around Northam, going through that supermarket of 60 000 a week, so you have got a market out there, which is available to you, who have been turned off. Let us not debate why, but they have been turned off attending local fixtures and activities. If you go to Northam racetrack, which I am a patron of, and will remain a great, staunch advocate of, most of the people there, I do not know who they are; they are from the metropolitan area. The people who I do know from the surrounding districts are not using racing as the social event that it used to be. Without worrying about the gambling event, they are not using it as the social event it used to be, and I would argue strongly that that is recoverable, but it needs some thought processes to get that to happen.

The other point I would make is that there does need to be some consideration, and I accept that this is hard for you, given to places like Wagin and Williams, where ratepayers actually put money into facilities. I know that they are common facilities, but when they have been built, they have been built with the consideration of, particularly, trots, so ratepayers have put money into those facilities. I think there needs to be some consideration of that. The ratepayers have put money into those facilities not to enhance racing but to enhance the social aspect. I would argue very heavily that if you go to Kellerberrin and see who is there, there is going to be a much higher percentage of locals

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at the Kellerberrin races, or the York races when they were in existence, than the Northam races, because the events of 20 years have just weaned the community away from going to it. I would say that Northam trots does get a lot more children. When one goes to Gloucester Park, the great and fine thing about Gloucester Park is seeing the kids running around on the lawn, and seeing families there. Young families consider that they can take their children to the races, purely so that the kids can run around on the lawn, to put a rug on the lawn, have a hamburger and that is their day, without spending \$200 camping. I put it to you that there is a market there; I would argue strongly that that is the case, and I just ask you to give some consideration. Some of those shires have put money in, not to improve racing, but to improve the social amenity.

**The CHAIRMAN:** Just to put it on the record, I refer to question 34a: does RWWA have a strategy to ensure the survival of regional racing and trotting clubs? You have indicated that there are no more closures mooted, but does RWWA have a strategy that will ensure the survival of these clubs in the regions?

**Mr Burt:** Yes, it is called the harness and thoroughbred strategic plan. It talks about ownership strategies, what we are going to do with training, funding, infrastructure, the number of meetings, the vision, timeslots and sustainability of the product. The majority of our race meetings occur in the bush; this year there are 285 harness meetings, of which 108 occur in the metropolitan area. The majority are in the bush.

**The CHAIRMAN:** Okay. One final question before we go into the closed session. Given that the RWWA Act requires RWWA to act for the industry as a whole, and given the dominance of the thoroughbred racing code, which we have heard about today, compared with the harness and greyhound codes, how does RWWA ensure that it acts with equal consideration towards all codes? As we said before, if you channelled your resources into the racing industry, you would have a fantastic racing industry, but the others would drop away. How do you balance that? How do you decide the amount of attention you pay to the three different codes?

**Mr Bowe:** I will make two or three points, then throw it over to Bob. The composition of the board was a start. The fact that each of the codes is represented gives a balance in the discussions at board level. Compare that with the position that is now being mooted in, I think, Queensland, where I think there are five thoroughbred representatives and one harness, or five, one and one. But the proof of the pudding is in the eating, and we have to look at the percentage distributions which are actually going to thoroughbred, harness and greyhounds over here compared with the eastern seaboard, particularly the contributions that are going to thoroughbreds over in the east; it is much, much higher than here, so all I can say is that we do our very best to ensure that all codes are given equal consideration. We are very mindful of the costs that harness racing, particularly, has incurred. Being active in the harness racing industry, we do not ignore the costs of harness racing and the employment effects in harness racing. Greyhounds, I suppose, have a little argument that maybe it is not getting as high a distribution as perhaps exists on the east coast. The point I would make there is that our stake levels in greyhounds are very high and I do not think that on any interstate comparison you could say that we are poor relations in the greyhound industry in Western Australia. If we were to raise stakes inordinately high in greyhound racing, we would have some greyhound surplus issues that we would need to address. I think the issue in relation to greyhounds is more infrastructure funding and particularly the provision of an appropriate metropolitan facility, should the present one move. That is all I would like to say. Would you or Jim like to say anything?

[12.40 pm]

**Mr Pearson:** In addition to what Mr Bowe has said, we are responsible, under the corporations act and company acts, and we have a RWWA act that we had to administer; so people on the board who did not act in their right capacity would not remain on the board. It is a requirement by law that we act in accordance with the act. I believe that whilst there are many times when I think I could pull a few knives out of my back from people in the thoroughbred industry claiming that they are



not getting enough, at the end of the day, I think that RWWA as a board and RWWA as an organisation, really do it pretty fairly and make sure that these three codes are going to be able to survive as well as having a good retail presence in the area for agents and betting shops, or TAB shops. It is a responsibility that all the members of the board have. I think that is where there is some form of guarantee for the codes that one is not going to get treated better than the other.

**Mr Freemantle:** I just think that 35 comes to the whole core of it. It was set up for that very purpose; to try and stop three separate codes warring with each other and tearing each other apart to try to survive. Therefore, RWWA is more conscious of this business of trying to balance the competing interests of the codes; the issue of subsidisation, if you like, of trotting from thoroughbreds; and trying to get a balance. Particularly the thoroughbred director's position is saying, "This is great" or the Greyhound director's position, "This is great. We are all helping to keep trotting alive. We do not care. If we had this money available to us in proportion to what we generate, we could do this, we could do this, we could do that and we could do something or other else." We are always conscious of that balancing act. Once again, we talk about self-praise being no recommendation, but one of the things we have probably done as well, I think, as anything we have done is to try and keep a balance and try and keep some good explanation out there in the marketplace as to why we are doing certain things. We are RWWA; we are balancing city and country; we are balancing three codes, with the two matrixes sitting on top of each other, and it is not an easy job. We would not have needed RWWA if it had been. But I suspect that underneath people criticising aspects of the way we operate, which is a good thing and we are very happy to get constructive criticism, but underneath it all, I think this committee has advanced to us that they like the model because they do see it as trying to square off this internecine warfare between areas and codes. I think it just comes to the whole core of it. It is one thing we have laid particular emphasis on and done all right out of it.

**Hon MATT BENSON-LIDHOLM:** I have one question, with just a simple yes or no. I am sorry to go back to Geraldton again, but with the closure of the club, are there going to be training facilities at all in Geraldton or is the whole industry finished there?

**Mr Burt:** The training industry has not been closed.

**Hon MATT BENSON-LIDHOLM:** So there is still the capacity for those trainers that they do have to utilise those facilities inside the gallops track.

**Mr Burt:** Correct.

**The CHAIRMAN:** The track will stay inside the gallops —

**Mr Burt:** That is up to the host operator—the thoroughbreds—but what we are mindful of is that if the training track remains there, there will always the hope that there will be racing and race days. We are just saying that certainly there is a training facility, because there are a couple of trainers, but it is between a host and tenant arrangement whether or not that continues.

**Hon MATT BENSON-LIDHOLM:** But there are many, many training facilities, particularly around the metropolitan area and the south. Are any of those training facilities part of any rationalisation that RWWA is involved in?

**Mr Burt:** No.

**Mr J.J.M. BOWLER:** What is the most important recommendation you can see us making?

**Mr Bowe:** To keep the operations of the TAB in partnership with the integration of the three codes.

**Hon MAX TRENORDEN:** Mr Chairman, can I just make a statement?

**The CHAIRMAN:** Yes.

**Hon MAX TRENORDEN:** I would just like to thank the group of you. I have been on more committees and task forces than I would like to count; in fact, it makes my head ache at times when

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I think about it. It has been a good relationship. It has obviously had to be tense at times and questions had to be asked at times, but I appreciate, and I am sure the committee members, through the Chair to the end, appreciate the fact that you have kept a cool head at times and have answered the questions we have put forward. Let us hope that we can give you and the Western Australian public an outcome through this inquiry.

**Mr Bowe:** Thank you. I would like to thank the Chair. We have not finished the proceedings and things are still open, but I would like to thank you for the way you have chaired this, Mr McGrath, and the committee for the pleasant and professional way in which you have dealt with us. Thank you very much.

**[The committee took evidence in closed session]**