

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2017–18 BUDGET ESTIMATES HEARINGS



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 16 OCTOBER 2017**

**SESSION ONE
RACING AND WAGERING WESTERN AUSTRALIA**

Members

**Hon Alanna Clohesy (Chair)
Hon Tjorn Sibma (Deputy Chair)
Hon Diane Evers
Hon Aaron Stonehouse
Hon Colin Tincknell**

Hearing commenced at 1.45 pm

Hon ALANNAH MacTIERNAN

Minister representing the Minister for Racing and Gaming, examined:

Mr RICHARD BURT

Chief Executive Officer, examined:

The CHAIR: Good afternoon, members. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses please confirm that they have read, understood and signed a document headed "Information for Witnesses"?

Mr BURT: Yes.

The CHAIR: Thank you, Mr Burt.

Hon ALANNAH MacTIERNAN: I have not signed a document.

The CHAIR: Ministers do not have to.

It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If for some reason you wish to make a confidential statement during today's proceedings, you should request that evidence be taken in closed session before answering the question. Agencies and departments have an important role and duty in assisting the committee to scrutinise the budget papers, and the committee values your assistance with this.

Minister, would you like to make a brief opening statement?

Hon ALANNAH MacTIERNAN: Obviously, I am here in a representative capacity. I want to say from the outset that we recognise that one of the issues that will be discussed today is the issue of the sale of the TAB. We say that we are very firm that this is an asset that we would not sell unless we were convinced it was in the interests of the state and of the industry. We note that there have been a number of privatisations that have resulted in very poor outcomes in this industry—in South Australia, for example. Currently, through the auspices of Treasury, an extensive body of work is being done by a private company, Investec, to really ensure that we very deeply and profoundly understand what would occur with privatisation and what would be the benefits and costs of such a measure, because our view is that government needs to be fully informed of all the complexities of an issue before a decision is made. We do not want to go down a path that would not be beneficial for the industry, and we do not want to go down a path that would be not beneficial for the taxpayers of Western Australia. We are very firm on that, as our general overall position. I have no doubt there will be many questions around that, but our position is very, very firm. With that, Mr Burt is here. Obviously, he has been in his position for quite some time and, so, hopefully, we will be able to answer the questions of the committee.

[1.50 pm]

The CHAIR: Five members have indicated that they would like to ask questions; we will start with Hon Tjorn Sibma.

Hon TJORN SIBMA: Minister, I refer to page 553 of budget paper No 2. The fourth line under works in progress is a —

Hon ALANNAH MacTIERNAN: We need a bit of time to find the page.

Hon TJORN SIBMA: There is only one page, so it is easy to find.

The CHAIR: Let the witnesses get their papers in order. Would you like to repeat the question?

Hon TJORN SIBMA: Now that we have found the page, the \$36.8 million cost allocated across the estimates for wagering systems and products, I would like to get a sense of what the anticipated return on that investment is? What is unique about the kinds of product offerings generated as a result of this spend? I would gratefully hear the response to those two questions.

Hon ALANNAH MacTIERNAN: I ask Mr Burt to comment on that.

Mr BURT: Please appreciate that the numbers you are referring to are from our 2015–16 SDP, so it is a little out of date. We have sent revised SDPs in, which are yet to be concurred with by Treasury. This becomes our last official SDP.

The CHAIR: Excuse me, Mr Burt, could you clarify.

Mr BURT: Sorry, strategic development plan. The numbers the member is referring to in the out years are not necessarily accurately reflecting what we have submitted in our most recent. But to directly answer the question: the money that is spent in those areas is typically around all of our non-retail systems, so our back-end core systems, our customer facing systems and our racing systems. Typically in the wagering space the rate of return that we generate of those are very high—in the order of a rate of return within 12 months, out to probably 36 months. In the racing area they have a much lower rate of return because, typically, they are services for the racing community and they may have a longer payback on that basis.

Hon TJORN SIBMA: With respect to your initial response to say that the figures presented in the 2017–18 budget are out of date by up to 18 to 24 months—if I gather I got that interpretation correct—what deviation are we likely to anticipate in updated figures from what is presented in the budget?

Hon ALANNAH MacTIERNAN: Mr Burt.

Mr BURT: The most recent SDP that we are submitting at the moment, which government is calling for in the coming months, will reflect a high investment program to meet the market, if you like, on the basis of what we are seeing in the wagering market around mobile development, systems, back-end development around customer intelligence and other enhancements that we need to put in place to remain commercially competitive in the market, that have a very high rate of return should those investments be made.

Hon TJORN SIBMA: Presumably, you are talking things like mobile apps as a component of this investment program. Is that essentially it? You are just going to spend more money but you cannot tell us how much more? I am presuming you are putting in a bid to government to spend more; can you give an order of magnitude about how much more we are talking and if I can capture the strategic competitive scenario correctly, is it to play catch-up with private sector operators?

Hon ALANNAH MacTIERNAN: Mr Burt.

Mr BURT: A number of points were raised there. Firstly, catch-up—no. It is to maintain an ongoing rate of investment that we have maintained for many years. Secondly, I would say that the area that we are predominantly investing in is mobile. It does not draw on government money. This is profits from the TAB, so it is not an appropriation. We do not get money in wagering from government. It

is self-generating from our own financial capacity through our profit and loss. As I say, it is a very accredited area of investment and what is critical out of this is, if we do not maintain that investment—in fact, if the government does now, or in the future, wish to sell the TAB—it will be a diminished-value licence.

The CHAIR: Have you finished that line of questioning?

Hon TJORN SIBMA: Yes.

The CHAIR: We will move on to the next member; Hon Colin Tincknell.

Hon COLIN HOLT: Madam Chair.

The CHAIR: Yes; I have you down on the speaking list.

Hon COLIN HOLT: I was going to follow the same line of questioning.

The CHAIR: We can come back to you. In order to make it fair, we are trying to allocate time for members and committee members have priority over participating members.

Hon COLIN HOLT: Okay; sure.

Hon COLIN TINCKNELL: Thank you, Chair. My question is: can the minister please supply a detailed listing of the various office locations used by the department, including information on whether these premises are publicly or privately owned and any annual rental figures for their use?

Hon ALANNAH MacTIERNAN: Are you just looking at the TAB offices? I am just a little concerned here because, obviously, this is a commercial, competing operation so I will just get some advice on that and will be guided by those sorts of things that have to be kept commercial-in-confidence. In terms of the locations, I would have thought, is that publicly available?

Mr BURT: Yes.

Hon ALANNAH MacTIERNAN: Is that in your annual reports?

Mr BURT: No, but it can be gleaned from public records in most cases—addresses, TAB agencies, that type of thing.

The CHAIR: If the information is not readily available here, we are also able to take those on notice and where you —

Hon ALANNAH MacTIERNAN: Yes, perhaps if you put that question on notice and we get that as a question on notice, we will —

The CHAIR: We will allocate that a number—A1.

Hon ALANNAH MacTIERNAN: This is not supplementary information; is this a question on notice?

The CHAIR: Sorry; it is supplementary.

Hon ALANNAH MacTIERNAN: Sorry; I am saying it is a question on notice. There are two different categories.

The CHAIR: That is right, so —

Hon ALANNAH MacTIERNAN: Because the things we should be able to answer but we cannot, we will put as supplementary information, but this one is a question on notice because it will take some time.

The CHAIR: This is a supplementary question. We can take it as a supplementary question and allocate it —

Hon ALANNAH MacTIERNAN: No, I am suggesting though that I want to use it as a question on notice.

The CHAIR: That would be very unusual. That is the practice of the Assembly not the Council. What we can do is make it a supplementary question, in which case the agency has 10 working days in which to provide the information. If the agency, for whatever reason, is unable to provide the information, they can provide an explanation to the committee as to why they are unable to provide it.

Hon ALANNAH MacTIERNAN: Okay, but can I just detail, because as I understand, it is my prerogative to determine whether or not we are going to consider that. Do you want each location?

Hon COLIN TINCKNELL: Yes, please.

Hon ALANNAH MacTIERNAN: And what else?

Hon COLIN TINCKNELL: Each location; whether these premises are publicly or privately owned; and the annual rental figures for the year for the use.

Hon ALANNAH MacTIERNAN: Okay, we certainly would not be giving the rental figures but we will describe, I guess, the nature of the ownership, so we will take those —

The CHAIR: So if there is information that the minister is unable to provide to the committee at the time, the minister can provide the explanation as to why the information —

Hon ALANNAH MacTIERNAN: No, I am just saying what I am prepared to provide as supplementary is the location and whether or not it is privately or publicly owned.

The CHAIR: Okay. The record will reflect that is A1—those two points.

[Supplementary Information No A1.]

[2.00 pm]

Hon COLIN TINCKNELL: I have one another question. It is quite a long question. I will read it out. Can the minister advise on the likelihood of any contracts that will be exempted from the public listing on Tenders WA to be entered into by the department in the next 12 months? I refer to the contracts that for various reasons are listed by the Department of Finance, are not required to be advertised or listed publicly but must be recorded on each agency's exemption register and must receive an approved request for exemption. How much will these contracts cost approximately and what service or goods will be provided?

Hon ALANNAH MacTIERNAN: I am just seeking some information here because obviously this is a statutory authority, so the rules are slightly different. Perhaps I will ask Mr Burt if he can elaborate.

Mr BURT: Being a statutory authority, we apply good governance around procurement relative to getting value for money. We are very keen to make sure that we get value for money from a commercial point of view. As you will appreciate, in most cases we are using our own money, so we apply those sorts of principles. Unlike a government department, where they probably have to advertise everything all the time, we comply with advertising where it is necessary.

Hon ALANNAH MacTIERNAN: Can you explain when it is necessary?

Mr BURT: Typically, if we are using government money for racing industry infrastructure grants, we will comply with government purchasing guidelines. But in many cases we do it through commercial negotiation like the private sector.

Hon ALANNAH MacTIERNAN: Do you actually have a protocol?

Mr BURT: Yes.

Hon ALANNAH MacTIERNAN: Can I ask that we provide a copy of that protocol to Mr Tincknell?

[Supplementary Information No A2.]

Hon AARON STONEHOUSE: I refer to budget paper No 2, page 553 and the table there, with the line item, “Retail Outlet Upgrade Program”. As briefly as possible, can you describe what that entails, just in broad terms?

Mr BURT: Yes. It describes the investment we are putting into our retail network across full time and the PubTAB, clubTAB network.

Hon AARON STONEHOUSE: I have some supplementary questions to that. Does this include upgrades to terminals or is this the refitting of retail storefronts of TAB outlets?

Mr BURT: It incorporates both but the majority of capital is spent on non-terminal but Race Wall-type retail fit-outs—furnishings, fittings and the technology around getting information on betting to customers.

Hon AARON STONEHOUSE: Are you able to provide a list of which outlets are being upgraded?

Hon ALANNAH MacTIERNAN: I am not going to provide that as supplementary information. That will be pretty extensive.

The CHAIR: Minister, in the Legislative Council estimates, the information needs to be taken as supplementary information. If you are unable to provide it here, the question as to whether you will provide it is a decision that you can make later after the hearings, and you need to provide the committee with an explanation as to why the information is not available. Can we just have, for the benefit of Hansard, the information that you are seeking?

Hon AARON STONEHOUSE: Sure. A list of the retail outlets being upgraded under the retail outlet upgrade program.

[Supplementary Information No A3.]

Hon AARON STONEHOUSE: What percentage of TAB’s business is retail?

Mr BURT: Including our rebate business, with a turnover of just under \$2 billion, it would comprise about 65 per cent.

Hon AARON STONEHOUSE: I note the funding has been reduced from 2018 onwards down to \$300 000 a year for the 2018–19, 2019–20 and 2020–21 financial years. Can you briefly comment as to why? Is the retail upgrade program completed at the end of this financial year? Why have the funds allocated dropped so drastically in those following years?

Mr BURT: As stated previously, the numbers you are going off are the 2015–16 SDP. Our estimate at that time was that the program would have finished and we go into maintenance mode.

Hon AARON STONEHOUSE: Moving on to another topic, I note line item “Other Works”. Again, just very briefly, can you outline what type of spending falls within “Other Works”?

Mr BURT: It is a broad category of things that we have not defined in that table so it is a bit of a catch-all. It can include technical work as well as office refurbishments et cetera so it is a broad catch-all other than what is identified in those other categories.

Hon AARON STONEHOUSE: Are any funds allocated in this budget—I cannot see them on page 553 but they may appear elsewhere—to the redevelopment of existing racecourses or to the upgrade of race infrastructure?

Hon ALANNAH MacTIERNAN: That is not done by Racing and Wagering WA. Any upgrades of racecourses et cetera would be done by the race club involved. There is grant funding that is not

included in this asset investment program, so there is a separate pool of money that is grant funding, the basis on which the industry is fed back the money that is generated by the TAB.

Hon AARON STONEHOUSE: Of those grants, is any grant money being allocated to the Belmont Park Racecourse?

Hon ALANNAH MacTIERNAN: That is not part of this budget scrutiny.

Hon AARON STONEHOUSE: Just so I am sure I am on the right line here, are those grants administered by Racing and Wagering?

Hon ALANNAH MacTIERNAN: The grants are administered by Racing and Gaming but they are not part of this appropriation. Is that correct?

Mr BURT: Correct.

Hon ALANNAH MacTIERNAN: Perhaps just to get clarification —

The CHAIR: Just for clarification for the member, this agency does not receive an appropriation. That is why it is not in that budget. However, it does administer grants on behalf of the state and the member may ask questions relating to the financial management of the state. Continue to ask your questions.

Hon AARON STONEHOUSE: To be more specific, through those grants administered by Racing and Wagering, are any grants being used for redevelopment of Belmont Park?

Hon ALANNAH MacTIERNAN: I need to be very clear and perhaps need to get a bit of guidance from the Chair. That question does not relate to this particular budget item. I do not believe that I am able to answer that because I do not believe that that relates to this budget item, which has been listed here for —

The CHAIR: Minister, the procedures manual relating to these estimates hearings and the role of this committee indicate that, as I said to the member, questions should relate to the estimates of expenditure laid before the Council in the budget papers and any matter relating to the financial administration of that agency.

Hon ALANNAH MacTIERNAN: So it is not confined at all to —

The CHAIR: It is not confined to those budget papers. It can also be matters related to the financial administration of the agency. If the agency administers a grants program, if you do not have that information here, we can take on notice those grant recipients for the last round of grants allocated.

[2.10 pm]

Mr BURT: Just to clarify, if I may. The minister is correct; the asset investment program is RWWA spending money on its own business—its own assets. That is funded from profits generated through the TAB largely. What the member is asking for is money from our other profits we might grant to the racing industry; in this case Perth Racing's Belmont development. At this stage the answer is no.

The CHAIR: Member, that is your time allocated for the time being.

Hon COLIN HOLT: I will stick to page 553 as well. On what Mr Burt has just said, there is no allocations asset and investment program into racing infrastructure; it is purely on Racing and Wagering Western Australia's infrastructure?

Hon ALANNAH MacTIERNAN: That is right. The feedback to the industry for the facilities comes by way of a grants program that is quite separate from that that appears on this page 553.

Hon COLIN HOLT: So this is all internal workings for RWWA expenditure?

Mr BURT: Correct.

Hon COLIN HOLT: I do understand about the age of the —

Hon ALANNAH MacTIERNAN: When I say external that includes the various TAB outlets.

Hon COLIN HOLT: Yes; sure. This is 18 months old. I know the SDP and your annual report will probably be tabled very soon. There is a total figure of \$107 million there. Is it going to grow more than that? Can you give me some rough ballpark figures about how this has changed?

Hon ALANNAH MacTIERNAN: I thought that was similar to the question asked by Hon Tjorn Sibma. The question I am going to ask Mr Burt is: are you expecting a substantial change from the \$107 million?

Mr BURT: No, minister, it will not be a material change.

Hon COLIN HOLT: Just following up on comment Mr Burt just made then, that largely this is made up of profits out of the WA TAB. What other revenue sources would be included in this asset investment program?

Mr BURT: Seventy-six per cent of our distributable income comes from WA TAB, the balance comes from the WA race bets levy. You have here the internal asset investment program—let us call it capital expenditure on the business arising from all our income—and what we believe we need to investment to maintain the forward operations of the licence.

Hon COLIN HOLT: This asset investment program includes funding that comes from race field fees?

Hon ALANNAH MacTIERNAN: Sorry —

Hon COLIN HOLT: Race field fees—product fees.

Hon ALANNAH MacTIERNAN: Race field fees?

Hon COLIN HOLT: Yes—included in this expenditure?

Hon ALANNAH MacTIERNAN: Can you explain again just what the components of your general income are and then whether or not they are divided up between this program and the grants program?

Mr BURT: I think I know where the member is coming from. WA race bets levy 100 per cent of what we receive from the Gaming and Wagering Commission goes to race clubs. Not one dollar stays with Racing and Wagering for the asset investment program. This is generated by profits from the TAB. What I was talking about earlier was trying to answer the question about all forms of revenue. The WA race bets levy does form part of our revenue, but 100 per cent of the receipts goes to race clubs.

Hon COLIN HOLT: You actually said that —

Hon ALANNAH MacTIERNAN: I am sorry; the questions will have to come through me.

The CHAIR: In fact, they have to come through me.

Hon COLIN HOLT: Minister, Mr Burt said the asset investment program is largely funded by profits of the WA TAB. Does that mean that some other money comes into this asset investment program?

Hon ALANNAH MacTIERNAN: This is why I asked for the answer to be structured in this way. First of all, Mr Burt, I think it is important for you to just repeat again the total asset—the breakdown—you gave before of your income from these sources and then how that is divided up into your asset management program and then into your grants.

Mr BURT: Yes. We are confusing the business operations of Racing and Wagering WA with an item called “income”. You have to appreciate what we put into our asset investment program is, effectively, cash reserves, excluding WA race bets levy. We fund our asset investment program from our income other than the WA race bets levy. The member asked: what other income do we have?

We have interest at bank; we have nomination acceptance fees and other income but the majority of it is profits from the WA TAB. In answering the minister's question, or making it clear, 76 per cent of our distributable money is from the WA TAB and the balance is from sources outside the WA TAB from other wagering operators, but they are different points. The capital expenditure comes from our reserves or unspent profits and the WA race bets levy is 100 per cent directed to clubs.

Hon ALANNAH MacTIERNAN: I think, member, the point is that WA's race bet levy could not go into the reserves —

Mr BURT: Correct.

Hon ALANNAH MacTIERNAN: — because it has to be immediately discharged as part of the grants.

Hon COLIN HOLT: Thank you. I refer to budget paper No 1, page 8 where it talks about point of consumption tax and the introduction of that, which will net \$52 million.

Hon ALANNAH MacTIERNAN: Can we have some more light? Sorry; we are finding it difficult to —

The CHAIR: We are just checking, minister, about the status of the lights. I just wanted to check with Hansard that they still have all their equipment operating.

It seems to be. Thank you. We are working on the lights. Minister would you like my phone, so that I can light that for you. Let me light that for you.

Hon ALANNAH MacTIERNAN: No, that is okay. Sorry, member can you repeat that question.

Hon COLIN HOLT: Page 8 of budget paper No 1 talks about the introduction of point of consumption tax and the net of \$52 million. We know it will have an effect on the Western Australian TAB, so some modelling must have occurred around the point of consumption tax. I would like to know the expected cost of the WA TAB and the expected returns of the point of consumption tax back to the TAB and, I guess, some modelling around how they arrived at the net \$52 million.

Hon ALANNAH MacTIERNAN: I will make the general comment first that it is absolutely essential that we move down to a point of consumption tax. If we do not move on that basis, our ability to generate revenue will be compromised. I am hoping that there is no ambiguity about our commitment to going down this path. Minister Papalia sees this as a very necessary way of us ensuring that we can keep in Western Australia our returns and we do not lose them all to the Northern Territory, along with our GST. Mr Burt, would you like to add some information about the projections?

Mr BURT: Certainly. What I am mindful of is that the government has announced that the POC will come in on 1 January 2019. A lot of work will occur in that time, I am sure, in working between industry or Racing and Wagering and Treasury and the minister to firm up what exactly that looks like. To answer the member's question, it is very difficult at this early stage to know exactly what the impact to the racing industry is going to be but the number that has been allowed for is broadly consistent with our early modelling. There are three moving effects or parts to what could impact the racing industry. Firstly, the TAB will be required to pay more tax at the rates proposed—15 per cent of revenue—which means there needs to be an offset because it reduces the distributable amount available to the racing industry.

The second part is that we have to pay, as a TAB, to other state interstate jurisdictions or Treasuries a greater amount of tax, obviously, which we do not pay at the moment.

The third effect is that 24 per cent of our income comes from the WA race bets levy, and should a POC be brought in nationally, one imagines that other TABs and corporate bookmakers may have less ability to market our WA racing product; therefore, it could have a deflationary effect on the

receipts from those wagering operators. That is what we are working with our minister and Treasury on at the moment, and fortunately there is a bit of time between now and 19 January to get it right.
[2.20 pm]

Hon COLIN HOLT: Except that this budget predicts \$52 million net. So your early modelling, which I guess is what I am asking for—I am happy to take it as a supplementary question, but there has been some modelling done to suggest a net \$52 million. I am interested in seeing the effect on the WA TAB and the industry as well. I understand what you are saying. There is a bit of time to work it through. But we have a figure in the budget that says \$52 million net.

Hon ALANNAH MacTIERNAN: I think that is the calculation that has been made by Treasury, and we will have to ask you to direct that question to Treasury, because that is a Treasury estimate.

Hon COLIN HOLT: I refer to budget paper No 2, page 396, the table “Details of Administered Transactions”, the heading “Statutory Authorities”, and the grants to Racing and Wagering WA. Can you provide some detail of what they are? I notice that they are pretty steady —

Hon ALANNAH MacTIERNAN: I am sorry. There has been, I think, some difficulty here. We understood that we were going to be questioned on this part of the budget papers—part 20. We do not appear to have that.

The CHAIR: What figures are you asking for, member?

Hon COLIN HOLT: On page 396 of budget paper No 2, volume 2, is the administered transactions table. It says, “Grants to Racing and Wagering Western Australia”.

Hon ALANNAH MacTIERNAN: Can we just get some clarity? This session is on the budget papers at large, is it?

The CHAIR: Yes, as a whole, and any other financial matter relating to the agency.

Hon COLIN HOLT: Do you have that table?

Hon ALANNAH MacTIERNAN: I apologise. We have been badly advised here. I will ask Mr Burt to comment on this.

The CHAIR: Please restate your question, member.

Hon COLIN HOLT: It is page 396. I am interested to know what that grant is for, in the first part of the question.

Mr BURT: My apologies; we did not have the table, but I am looking at it. That would be our grants from government for GST reimbursement and the grants for what is called the VIP punter tax rebate that we get.

Hon COLIN HOLT: It has been pretty steady between the actual estimate in the budget and what we receive, and a bit more of a growth—four per cent, five per cent, six per cent—over the forward estimates. Any reason why they predict an increase across that?

Hon ALANNAH MacTIERNAN: Yes. I will ask Mr Burt to answer that.

Mr BURT: Quite simply, the GST rebate that we receive is attached to fixed-odds racing. We have a structural change occurring within the Australian wagering market where parimutuel betting, our traditional tote betting, is reducing and fixed-odds betting is growing, and so it is intuitive that there would be a commensurate increase in the fixed-odds racing rebate—GST rebate—from Treasury.

The CHAIR: Member, that just about makes up your time. I will move on to Hon Martin Pritchard.

Hon MARTIN PRITCHARD: Thank you, Chair. By way of preamble, with the decisions of the New South Wales government with regard to greyhound racing and the subsequent banning and

then the reversal, a number of my constituents got involved with the rehoming of greyhounds. My question can be directed, I think, to page 553. I am wondering what investments or initiatives have been put into rehoming and welfare of greyhounds?

Hon ALANNAH MacTIERNAN: I thank the member for the question. This is a very serious issue. It is one that I know Minister Papalia has taken very seriously. RWWA has developed a greyhound welfare strategy. We are anticipating that very shortly there will be a release showing significant improvement in the rates of rehoming and a very significant decline in the rates of euthanasing. I think our performance is certainly much better than we see in other states. The racing industry authority has recently developed various integrity and welfare reforms with this greyhound welfare strategy. We will certainly be continuing those efforts to ensure that we are properly capturing the data and tracking each of the greyhounds in the industry through their full life cycle. We have installed hoop lure at Cannington and Mandurah tracks to decrease racing injury. We have much stricter breeding controls through licences and supply measures. There are mandatory assessments now for retiring greyhounds, a new tiered licensing system for trainers, ongoing control and surveillance of trial tracks and venues, and starters' fees for an ongoing fund to assist with the care of greyhounds. I am not sure if Mr Burt wishes to add anything more.

Mr BURT: I think what is important to recognise is, as was quoted in the weekend press, the WA greyhound industry is a much smaller industry than exists over east. We did not have the live baiting issues that were announced on the *Four Corners* program a couple of years ago. We have a very strong control over the industry in terms of our integrity. In the breeding industry, you have to be licensed to be a breeder. The investment that we put into our Greyhounds as Pets program, which is what you asked, is in excess of half a million dollars a year. That is not the only amount of money that we spend on greyhound welfare; we spend much more than that. In fact, we are continuing the investment into greyhound welfare going forward. As the minister touched on, our observation positively of the changing trend is very encouraging, going from higher rates of euthanasia to much lower, and we are getting to the point where through Greyhounds as Pets, our initiative, and also the independent rehoming bodies, the rehoming rates are very, very high and becoming best practice in Australia, which is good.

[2.30 pm]

Hon TJORN SIBMA: Minister, I just want to draw you back to your opening statement with reference to the importance of Investec to guide the government decision-making in respect of the sale or non-sale of the TAB.

Hon ALANNAH MacTIERNAN: Sorry, member; can I just correct you there? I said it was important that we actually have a study done.

Hon TJORN SIBMA: I will get to that; thanks. Can I get a sense, please, of the terms of reference which guide the work that Investec is doing on behalf of the state government?

Hon ALANNAH MacTIERNAN: Mr Burt.

Mr BURT: Broadly, it is a study that has been undertaken by Treasury, as I understand it, to recognise that there are three primary interested parties involved in any potential purchase or sale of the WA TAB, being the government, the owner; the racing industry, the recipients of the profits; and the acquirer, who would be the future operator. They are trying to do the analysis on the base case of our funding capability under Racing and Wagering WA and then to compare that against what an alternative operator may be prepared to provide. Through a market sounding, they will get some understanding of that and then I understand that that will be provided to government to help form policy on the topic.

Hon ALANNAH MacTIERNAN: I think it is important to understand the process is being conducted by Treasury.

Hon TJORN SIBMA: That is fine. So, I should ask the minister representing the Treasurer later this week to perhaps table the terms of reference that Investec is working to? Would that be a wise thing —

Hon ALANNAH MacTIERNAN: Given that it is their portfolio that is in charge of the study, I think that would be sensible.

Hon TJORN SIBMA: Is there any consultation which occurs from RWWA's perspective with Investec to assist in the guidance of that work?

Hon ALANNAH MacTIERNAN: RWWA would be providing input. Obviously, RWWA would have much of the data that would be utilised by Investec. Would Mr Burt like to comment further?

Mr BURT: We are heavily involved in the process, together with Treasury and Investec.

Hon TJORN SIBMA: Just for my clarification, and thank you for bearing with me, this is a Treasury-directed program? They are the project managers and responsible for Investec meeting certain obligations which we are not sure about. One question, minister, you might be able to ask just in relation to this and, if not, I will direct it to someone later in the week is: is Investec excluded from placing a bid to purchase the TAB, should that be the decision the government takes?

Hon ALANNAH MacTIERNAN: Look, I would have to ask you to take that matter up with Treasury because Treasury has been the entity that has overseen the appointment of Investec to do this due diligence on the potential privatisation. Now, quite clearly, RWWA is heavily involved in providing, as the holder of substantial information—as the operator of the TAB, it would have the data and the insights, which are being provided to Investec. But I would suggest, I think, it is probably more appropriate if that question is directed to the minister representing the Treasurer.

Hon COLIN HOLT: Just sticking on page 396, and underneath the last question asked about racing and game grants, there is "Subsidies And Concessions" and "Subsidies to Gambling and Betting Agencies and Bookmakers". Does that fall under your remit in this section?

Hon ALANNAH MacTIERNAN: Perhaps if the member could give us some idea of what his question is and then we could —

Hon COLIN HOLT: I want to know what the subsidies to gambling and betting agencies are and the very big difference between what was budgeted and the estimated actual, which is about, I think, 16 per cent and then a rebound of another few percentage; it goes back up pretty quick—maybe eight per cent or so every year after that. I do not know what that is until you tell me.

Hon ALANNAH MacTIERNAN: We will have to take that one on notice. I am not sure. We will have to give you that on supplementary notice.

Hon COLIN HOLT: My supplementary notice question is: what are those components of that line item and what caused a 16 per cent—I think it is about 16 per cent—drop between the budget and the actual; and what are they assuming it rebounds by—I do not know—eight per cent or something? It is by those figures, anyway. It drops in actuals and then it rebounds in the forward estimates quite substantially. Why?

Hon ALANNAH MacTIERNAN: I am presuming this is not when you were the minister.

Hon COLIN HOLT: As you would know, Racing and Wagering WA operate fairly independent of government.

Hon ALANNAH MacTIERNAN: We will get you that information.

[Supplementary Information No A4.]

The CHAIR: Are there any more questions, members? No? We will close this hearing.

On behalf of the committee, I thank you both for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript. We will send those to you within seven days. Responses to these questions are requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these via the new electronic lodging system on the POWAnet site by 12 noon on Monday, 23 October 2017. Once again, I thank you for your attendance.

Hearing concluded at 2.36 pm
