

**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, 19 FEBRUARY 2010**

SESSION THREE

Members

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

Hearing commenced at 11.45 am**SARGEANT, MR BARRY ANDREW****Director General, Department of Racing, Gaming and Liquor
examined:**

The CHAIRMAN: On behalf of the Joint Standing Committee on the Review of the Racing and Wagering Western Australia Acts, I 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 will introduce myself and the other members of the committee present today. I am John McGrath, the Chairman. The Deputy Chairman is Max Trenorden, MLC. Other members of the committee here today are Alyssa Hayden, MLC, Matt Benson-Lidholm, MLC, and John Bowler, MLA. This 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?

Mr Sargeant: Yes.

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

Mr Sargeant: Yes.

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

Mr Sargeant: Yes.

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

Mr Sargeant: No.

The CHAIRMAN: Thanks, Mr Sargeant. When you think back to 2003 when the Racing and Wagering Western Australia Bill was being formulated, what was your understanding of the intent of that legislation that was being presented to the Parliament?

Mr Sargeant: When you say "intent", what —

The CHAIRMAN: The intent of the legislation. What did you think the legislation was aimed at achieving for the racing industry?

Mr Sargeant: One of the big things that I think had been impeding the industry for a number of years had been infighting between the codes, and then even within the codes you had the country versus the metro. So there was that aspect: having one body as the principal club would override that sort of infighting; and have one body responsible and hopefully take a very broad industry view and thereby hopefully better ensure the future of the industry. The other aspect was that the government had made a deliberate decision not to privatise the TAB and given the experiences in the eastern states in relation to those entities that had been privatised, there was always the tension

between the racing industry and the wagering service provider. The racing industry had always complained that it will not be enough money and the service provider was saying the racing industry is not giving the product they want, so there was that tension there. One of the clear aims was to eliminate as much as possible that tension, and I think that has been achieved.

The CHAIRMAN: Were you consulted or did you have any sort of a role in your position as the director of the department during that period when the legislation was being formulated?

Mr Sargeant: I would not say I was consulted but I was one of the prime negotiators with the industry. My department was responsible for the drafting of the legislation. The minister, based on the Turner report, made some critical decisions and my responsibility was to bring it about, so we did that through the legislation. One particular member, I remember, was negotiating certain changes on the floor to that legislation, so I have very much owned that particular piece of legislation and I very much owned the product which it produced—very much owned it.

The CHAIRMAN: Just quickly, can you comment on the fact that there were some changes to the recommendations that were made by the Turner report in that the Turner report recommended having a peak industry body but then separate governing bodies for each of the codes. Do you have any comment on that or do you understand why that did not happen?

Mr Sargeant: The decision was made at the time that you would only be creating an opportunity for more of the infighting within the industry whereas this way it came up that there has been only one supreme body; that is, like the principal club of Racing Western Australia. You would have had three principal clubs; you would have had a greyhound, you would have had a trotting and you would have had a thoroughbred, so I think you would not have eliminated that tension. It was a deliberate decision of the government of the time and I think there was some criticism of the Turner report in relation to that other tier which in fairness to the Turner report that was based on the New Zealand model, which did have those principal club activities still continuing. The decision was made: let us have one principal club, basically, for the industry and that was it.

Mr J.J.M. BOWLER: If you are saying there were changes, then there were negotiations between both houses and parties, if you had your way all over again, and in hindsight eight years later, what changes would you make now?

Mr Sargeant: I do not think there was major change; it was very peripheral in regard to whether there were two nominated from the board from thoroughbreds versus one et cetera and to me I did not think that was a critical issue but some people thought it was. I think the way in which we set up the process whereby the industries could not dominate it, so that industries can nominate people and the minister basically has no say in their appointment. The minister can only confirm their dates; he cannot actually have influence on the non-racing nominees from the industry. The only area that I found a little bit of tension is in relation to the selection panel—I chair the selection panel, which nominates four members to Racing and Wagering Western Australia—is the requirement, and in a sense this came from negotiation with Hon Max Trenorden at that stage, in relation to a person who had some country background. I think that was the way that is drafted and, again, drafting legislation on the run is not always good —

Hon MAX TRENORDEN: It was done very late.

Mr Sargeant: I think the wording is not very good about that sort of representation but fundamentally I think we have a fairly good board composition and it is appropriate that the government appoint the chair and the industry has three —

[11.50 am]

Mr J.J.M. BOWLER: Why is that appropriate that the government —?

Mr Sargeant: Because I think the government still accepts a fair responsibility for the racing industry, unless you want to totally privatise it. It has accepted it over the years. The TAB in effect

has been a statutory body. Unless the government makes a decision to privatise it, then it is a different exercise. You and I know full well, through experience, if something goes wrong with a statutory body, irrespective of what structure is in place, the attention goes to the minister and the government of the day. Whilst you have that responsibility, I think the government has a right to some say —

Hon MATT BENSON-LIDHOLM: That should continue?

Mr Sargeant: I noticed the terms of reference. I would say it should continue under the current model. I think for you as a committee, your challenge is not to so much look back; it is really to look forward and not even to be constrained by what we have currently got. The scene from what we have got now is totally different back to 2000, 2001, 2002 and 2003. Remember this process started, I think, when Hon Norman Moore was minister. He appointed the review committee. Hon Nick Griffiths took over and went with it. This is an area where I do not think party politics comes into it. Frankly one of the good things being a DG of my department is the fact there has not been a great political issue between the two parties. It is all about the best interests of the racing industry. In that context we did not have the Betfair decision, we did not have the Betting Exchange, and we did not have the electronic form of gambling et cetera. The scene has changed, so that really the best thing you can do as a group for the racing industry is give us some direction on where we go. One thing could be as it is, but let's explore another—I am not saying this is an ideal model but on one hand you can bring it back totally into government hands, on the other you can take it totally to private, and in between there is a whole lot —

Hon MATT BENSON-LIDHOLM: We still have to look, obviously, at deficiencies in the current act, though, to be able to go forward. We need to sit down and detail those and recognise those and say, “We are going to go forward. That is why we are doing this. Don't dwell on them.” But I think you need to really come to terms with it.

Mr Sargeant: Under the current model, I have not sensed in the past six or seven years there has been great tension about the membership and the composition of the board. The worst thing you will have is if you had someone who had a background in thoroughbreds, a background in trotting or a background in greyhound and became chair of the board. You are looking for someone who is independent. In the years that I have been involved in government I have not ever seen a minister wanting to make a bad appointment, because it comes back to bite them. Frankly, at times I think governments can make some good appointments. That does not mean it has to come from the private sector.

The CHAIRMAN: The point has been made to us: what if government divested its interests in RWWA completely?

Mr J.J.M. BOWLER: Not privatised.

The CHAIRMAN: Not privatise the TAB so much, but handed over the running of the industry to RWWA and handed it back to the industry. It would not have to report to government. RWWA would not need to have those accountability clauses that are in the act. We are not saying this is our suggestion, this is something that has been raised—the government would be saying to the industry, “You run the industry.” What would you say to that? Do you think the government still should have some control there?

Mr Sargeant: I am probably not the best person to ask, given my background. My experience says that irrespective of what you do with an agency, whether you try to divorce as much as possible, there is still an expectation the government has got an interest in it. I would still be looking for some sort of government involvement. I think that is one of the reasons why it has worked well. If you look at what Queensland now is going through, the government has had to step in again to try to bring about change. It is a strange beast in that somehow it is something which government has not been able to divorce itself from over the years. There has been an expectation. It has a great impact

in the community. There is the side of it that people like to bet. We have to accept that. It is legal and therefore having the TAB has done away with a lot of the illegality in that regard. It employs a lot of people. It has got a very strong regional focus. It employs a lot of unskilled people too. It is one which I do not think governments of any flavour could ever ignore because of its impact.

Hon ALYSSA HAYDEN: In regard to the appointment of the board, it is currently that each code nominates someone to represent them on the board but in the recommendation it was to call for applications. Can you explain that?

Mr Sargeant: There are two aspects to it. The board is an eight-member board. The chair is appointed by the minister. There are three which the racing industry appoints. In effect that is how they can pool their interests, if they want to. There is no dictating in terms of how they arrive, other than the fact that the various interest groups have to agree on who the nomination is. If they do not, it falls back to the minister. Then there is the selection panel. The last round, we actually advertised and called for expressions of interest. There are four of them that can come through that particular component. The intention is that they not have a background in the racing industry necessarily. They particularly cannot be former committee members within a short period of time. So the people that were appointed initially were not ex-committee people. The element is still there but it is probably not as black and white as what it may have been in the Turner report.

The CHAIRMAN: Apparently, there has been only one change on the RWWA board since its formation. Do you see any problem with that: that there has been no fresh blood introduced to the board?

Mr Sargeant: It started in 2003. We are getting now through to 2010-11. I think there might be some changes. There has been one—the greyhounds have changed their nomination. We genuinely went out to try to get some people. You do not change it for the sake of change. The selection panel came to the view that of those people who put themselves forward again to be renominated, nobody was there that was actually outstanding enough to say, “We will replace them.” It is a matter of those who put their hand up and were prepared to do it. As for the chairmanship, that is the minister’s decision. As for the three racing codes, that is the racing codes’ decision. I was only involved with four of them and that is the way it panned out.

Mr J.J.M. BOWLER: You do not think there should be a maximum term for members?

Mr Sargeant: No.

Hon MAX TRENORDEN: Can I change the topic a bit. One of the hot issues was the TAB. The TAB has been brought under that umbrella we have talked about. In your view how has that marriage gone in the seven years? The whole intent was to get them working closely together, and have that argument about who was on the wall and who was not on the wall, and who received the money. Has that been very successful, moderately successful, or at all?

[12.00 noon]

Mr Sargeant: From my perspective, I think it has been very successful. They have been able to change the program to meet their needs. I do not think you will ever meet anyone from the codes to say the distribution models have been successful. I think it has been kept in-house more; it has not become public. I am not aware that the minister has been put under the pump as much as he was in previous times. I think that bringing the two together, particularly given, as I mentioned, the tension in the eastern states when there was the industry versus the TAB, and the TAB complaining about the lack of quality and that they wanted races from the industry and the industry complaining about the distributions.

The other thing is, once you introduce a private sector model—if I were a CEO or a managing director of a company, I would know full well where my loyalties lie; that is, with the shareholders. I think that is what creates some of the tension. I believe that model has served us well. The challenge for you is whether it will serve us well in the next five or 10 years.

The CHAIRMAN: You talked about shareholders. One of the issues raised with us continually by race clubs is funding for infrastructure, especially in the country. There used to be the Racecourse Development Trust, which you will remember, but that has been disbanded. Do you think there could be a better way to make sure that money is dispensed to those country clubs so that they can keep their facilities up to standards expected at public venues such as they provide?

Mr Sargeant: It all comes down to money. I was a member of the Racecourse Development Trust. The history of the Racecourse Development Trust is that it was purely for the country at one stage. In the 1990s the government said, "We'll give up our portion as unclaimed moneys that come to us and put that back into the fund—these unclaimed TAB monies—and let the metropolitan clubs become part of it." The problem was that the sum of money involved was not big enough to really do things. It is just a question of money and how much can be put aside for that particular function. The trouble with many of the country ones is that it is difficult to get cooperation on the use of facilities. Some councils did not see it as a priority. They always thought the industry was funded by TAB, therefore it has plenty of money and can look after race tracks. In my time, I think the Racecourse Development Trust—I will not take credit for it because I was not the chair; Tom McNeil was—tried to get away from the situation in which every club got a little bit, to try to get some sizeable sums. The Geraldton track was rebuilt as a result of that. If we had not held money back it would never have happened. I think Northam received some quite good support and Kalgoorlie did. It was always that group versus the regional tracks, the ones that race only so many times a year. They were the ones that were probably always the poor cousins. If you are going to give an industry the responsibility to run it, it should look after the infrastructure as well.

Mr J.J.M. BOWLER: Accountants get hold of these things and say that the non-TABs—the outer country areas—do not contribute, therefore, why should they get anything? But those towns usually have a TAB that probably returns more per capita to the betting dollar than occurs in Perth.

Mr Sargeant: That has always been the tension between them.

Mr J.J.M. BOWLER: Should there be protection in the legislation for those outer country towns, those little tracks where one or two meetings a year mean so much to those communities now?

Mr Sargeant: That depends on government policy. You can put in legislation or leave it. I do not think I am qualified to comment on whether it should or not. That tension always depends on individuals and how they see it. No doubt in certain circumstances those race meets are very important; they are part of their social structure. I found at times that it got very parochial. You would find, even in the north; for example, I do not know whether it was Meekatharra; it might have been Mt Magnet and some other town wanting to race at the same time, but you could not get them to give up a day so they both raced.

Mr J.J.M. BOWLER: I think it was Leinster and —

Mr Sargeant: Wherever it was; we ended up with two horses racing in one race and two and three racing somewhere else. They were their own worst enemy in many respects. The last thing they want is a bureaucrat or someone from Perth saying they will race on these days. I think RWWA has done a pretty good job in trying to address that. You get those tensions as well.

Hon MAX TRENORDEN: As you keep saying quite correctly, one of the tensions that will remain no matter what we do is the pressure from making the Perth cup a \$10 million event against RWWA's prime responsibility of maintaining the infrastructure. That will always be a balance regardless of what we decide to do in the future. Do you think anything better can be done in the current legislation for that balance, or is that something a board must deal with?

Mr Sargeant: I think that is a board decision in the circumstances, because they can change. You might have to do something. Let us say there is something special about Kalgoorlie or Bunbury. You might want to put more money into that for a year or so and then change that. Once legislation provides we put 20 per cent here or two per cent there, you do not have that flexibility. Frankly, if

you are going to have the courage to provide a board to do something, let the board do it. I do not think that bringing it back into government will necessarily improve that situation, but that is what boards are paid to do.

Hon MAX TRENORDEN: We have heard some evidence that we somehow take some of the agency accounting mechanisms away from RWWA such as corporate intent, reporting to the house, that agencies generally have. Do you agree with that?

Mr J.J.M. BOWLER: It was said that they are just a waste of money and effort.

Mr Sargeant: The requirement is that they have to submit only their strategic development plan to the minister and it is approved by the Treasurer. The statement of corporate intent is the only one that is tabled. The other remains a confidential document. That comes back to the philosophy of whether you want it within government or not. If you make the determination that it should be quite distanced from government, then it must take full responsibility for its future and not be looking over its shoulder to see what government can pay for or do. If you expect the public purse to support it, it is fair enough for the public purse to look at what the liabilities are and what is happening. It is a philosophical position. You are asking whether it should go one way or the other. It is either in or it is out in some respects. The government basically still has responsibility for much of it; therefore, it is only appropriate that the government of the day sees what is going on.

Mr J.J.M. BOWLER: It does not live off the public purse; the opposite is the case. It contributes to the public purse.

Mr Sargeant: The fact is that, as a statutory body—it is a statutory body—there is always that element of it going back into the government system because it gets consolidated into the government finances, so it is part of the family. Although it does not live off it—this is something industry does not appreciate—in effect, the TAB has a permanent appropriation from Parliament. It has a right to raise those betting moneys, so whilst you say it contributes to the public purse, the government of the day has decided to not have an agency like me do it whereby it is straight government revenue and to distance itself into a government agency. The benefit and exclusivity it has comes from legislation. In effect, it has permanent appropriation to use those moneys, so it makes a contribution back. Behind that is the government of Western Australia. It still stands there.

Hon MAX TRENORDEN: Therefore, that raises the next question: what is the appropriate level of taxation?

Mr Sargeant: If I had that answer, I think would probably be —

Hon MAX TRENORDEN: I do not expect you to say X amount of money, but in that pressure you just described in moving away from the government model or closer to, there is always going to be the question of what contribution should there be in terms of taxes. In your important role in this and someone who has been watching the governance of it for quite a few years, how important is that taxation role?

Mr Sargeant: I think it has a benefit from the ability to gamble in Western Australia. Therefore the citizens of Western Australia ask: should something flow back to the state of Western Australia? It is the casino model; it does the same; it pays back. The bookmakers pay as well. The question is: what can the industry afford to pay in relation to what contribution it is expected to meet. When the casino was established in 1985 it was expected to find about \$320 million to develop the casino. It was seen as a significant capital contribution, so a certain tax rate was guaranteed for a certain number of years. I think the racing industry is in the same situation; it is funded by the TAB. It is a matter of how much of that money the TAB is ultimately generating in profit is needed for the infrastructure or whether it should have that sole say or whether it comes back to government and the government decides what it should do.

[12.10 pm]

I would suggest that with anything that is enjoying some benefit that the society gives it through the legislation, some benefit should flow back to the society. I do not think you should have a situation where it does not pay any taxes at all.

Hon MAX TRENORDEN: You are always going to have a delicate balance in a government authority, being RWWA, making a request to government to reduce taxation, not that we would ever imagine it saying it wants more taxation. It is probably going to keep away from that. Is it appropriate that the question of taxation remains with the Parliament because, in reality, that is where it is now?

Mr Sargeant: Ultimately, I think that is where it should be. If you were to put it across to a totally commercial or private enterprise, federal income tax gets involved as well, which takes a certain cut of the pie.

The CHAIRMAN: The other point that has been raised with me on taxation is that some people in the racing industry say that Hong Kong has a model where money from racing goes towards a specific purpose, such as building a wing of a hospital, whereas money from the TAB goes into consolidated revenue. Do you have a view one way or the other? A lot of people think people are punters and they lose sight of how much money the industry generates to government coffers. If you build a new hospital and said that the money to build it was provided by the TAB, maybe the public would have a better acceptance about the contribution that the racing industry makes. Do you have a view on that?

Mr Sargeant: No.

Mr J.J.M. BOWLER: What about the increased competition from the corporate bookmakers and the internet who do not pay that 4.5 per cent turnover tax?

Mr Sargeant: This is one of the issues with a national model. A low taxing state does not pay the taxes. The Betfair decision made it quite clear that we cannot stop them on that basis. Actually, they are paying less than 4.5 per cent; it is down to about three per cent as a result of the changes. It has come down quite substantially over the years.

Mr J.J.M. BOWLER: Has there been talk at the national level—I know “harmonisation” is the buzz word in the past six or seven years in all areas of state relations with the federal government—or any efforts federally to get further harmonisation on that taxation model?

Mr Sargeant: There was some talk but nothing has come out of the Under Treasurer’s group. You would have to pay particular attention to the Productivity Commission report when it comes out at the end of this month as to what it is going to recommend in relation to a range of these matters. The federal government could take over control of all internet betting because it has the communications power. It could take over control under the Corporations Act if it so wanted. It is going to be critical to see how things go forward from there. It would be one way of addressing those problems. We can go to the state with the lowest common denominator. In the case of bookmakers, it has been the Northern Territory; in the case of betting exchanges, it was Tasmania.

The CHAIRMAN: Do you think we have not lost that battle yet?

Mr Sargeant: Which battle is that?

The CHAIRMAN: The battle against the exchanges and corporate bookmakers. We have certainly lost the Betfair exchange. That has gone.

Mr Sargeant: The racing legislation will try to address that. All the states are introducing it. That way there is a product fee coming back as a result of the racing legislation being introduced across the various states.

Mr J.J.M. BOWLER: Will Betfair pay a product fee?

Mr Sargeant: Yes.

The CHAIRMAN: Can you see the TAB changing in the future—the model and the way agents are structured? Will we still have agencies or will people be betting on iPods? Where do you see the future of the TAB?

Mr Sargeant: I do not think it will change dramatically in the immediate future. People like you and I like to go to a shop and see a warm-hearted person on the other side of the counter. When I go to a car park, I would rather pay my money to an individual than put it in a machine. That is life. It is not going to remain the same. This is the challenge for the TAB, not only in WA but throughout Australia. The state governments and local members expect the TAB to have a shop in Narrogin, Northam et cetera. That is the bricks and mortar. It is very expensive. The corporate bookmakers come in—we had local ones like Bettingwest and there is Tasmanian Betfair—and pick the eyes out of the most profitable and least cost aspects of the industry, which is the internet, account betting. They lower their margins but we still expect the TAB to have that bricks and mortar system set-up. It has to change. The community will have to accept that there will not necessarily be a TAB everywhere. People will be required to use self-service machines. The market from the corporates will drive it that way and the TABs will not be able to afford to maintain that costly infrastructure.

Mr J.J.M. BOWLER: An increasing level of betting is on sports other than racing, pacing and chasing. Those sports do not get anywhere near what that betting turnover provides. The bulk of it goes back to the three racing codes. Do you feel any growing antagonism amongst those sports that are providing the product but not getting any return?

Mr Sargeant: In WA's case, they do complain but we are quite unique because with the sports betting operation, there is a requirement for the TAB to pay proceeds into a trust fund which goes back to the sporting industry, not necessarily to elite sport but it has to pay that. Indirectly, Tabcorp now pays a fee to the main operators in Australian Rules football and rugby and cricket so they are getting money through that. Indirectly, the WA TAB has to pay.

The CHAIRMAN: None of the money bet on sport in Western Australia through TAB agencies goes to the racing industry.

Mr J.J.M. BOWLER: Yes, it does.

Mr Sargeant: Not strictly. I think they are allowed to take a percentage. They have to meet the infrastructure costs of all that. That is affecting their cost. Most of it does go back to the other industries. There is only an amount to recognise the cost of providing that service. The agency benefits mainly because it is spreading its mainframe et cetera over a wider base of clients. Some of them are racing and some of them are sporting bodies. We are quite unique in that regard.

Hon MAX TRENORDEN: Mr Chairman, if I am going to make this funeral, I will have to go. I would like to stay but I really do need to go.

Mr Sargeant: Do you want me to come back?

Hon MAX TRENORDEN: We have a quorum. There are a lot more questions. I think you are doing a very good job and it is important. I will just make one point. An auditor would argue that the only way to drive forward is by looking through the rear-vision mirror. We have to have a knowledge of what happened in the past to make sure we go somewhere in the future. There are some clear queries about where we should go. We need to understand why decisions were made in the past. I would love to stay but if I do not go now, I will not make the funeral.

The CHAIRMAN: Mr Sargeant, the other question that has been raised relates to the role of your department in the racing industry. Now that we have this body called RWWA that controls the racing industry, what is the role of your body? Is your role not as significant as it once was under the previous system? Has it changed much?

Mr Sargeant: You are quite correct. The role that my department plays in racing policy is nowhere near what it was prior to RWWA coming into being. That was the intent of the legislation. I have a

staff of about 105 people. We are there primarily to provide a service to the Gaming and Wagering Commission and the Director of Liquor Licensing plus I provide a normal departmental service to the Minister for Racing and Gaming. The service we provide in relation to racing was always part of that philosophy. The department never had responsibility for racing per se because there were principal clubs. There was the WA Turf Club and the Greyhound Racing Association. In those days because the three individual codes were coming to the government at the time, I used to get very involved in a lot of the correspondence. I still control the correspondence and complaints that come through about RWWA and other matters. I get involved in some of the broad government policy but a lot of it is generated through RWWA. My agency does not have that involvement. I still regulate the TAB through the Gaming and Wagering Commission. We still regulate the bookmakers through the Gaming and Wagering Commission.

The CHAIRMAN: On that subject, the commission has the power under the Gaming and Wagering Commission Act 1987 to arrange an inquiry into RWWA. Has this power ever been exercised?

[12.20 pm]

Mr Sargeant: No.

Mr J.J.M. BOWLER: Do you welcome that power?

Mr Sargeant: Well, the power to investigate is there even for the casino. The model was developed so that if for some reason something was happening and the government needed a very quick way of investigating it, we are independent, and we can actually do something in that regard. Gambling has a reputation. For instance, let us say an issue arose through the use of betting exchanges to bet. I know that the stewards have got powers, but the gaming commission could come in and enforce its own powers to do an investigation if RWWA was involved in some issue. So I think that power should remain. Even if you went to a more private sector model, which Burswood is, we would still need those powers. In fact, if you moved away from the current model and went more to a Burswood model, you would probably find that my inspectorial work would have to increase.

The CHAIRMAN: Is there any other issue that you would like to comment on, or is there anything that you would see as a deficiency in the legislation that we as a committee should look at in moving forward?

Mr Sargeant: No. There are a few minor things that come up. We have come into the Parliament a couple of times and made some small amendments. I am not aware of any major problems with the way it is operating—had we been aware of any, we would have been back in the Parliament attending to it. I take Hon Max Trenorden's point with respect to the need to look to the past to know where we are going. But the real challenge is to work out some options that could be considered, rather than necessarily just talking through one particular option in a range. But the landscape is going to change. It is changing now. I think even more pressure is going to come within the system.

The CHAIRMAN: Because of that changing landscape, could you imagine from a philosophical viewpoint that we should be looking to free up the restrictions that prevent the TAB or RWWA, or whatever, from moving into these new areas?

Mr Sargeant: Well, that is one of the options that you should be exploring, bearing in mind that even under the current model for Burswood, Burswood has not got much flexibility to move out of what it does, because there are constraints there, not only in terms of the gaming environment within WA totally, but also because the commission has an extensive control over it. So if you are looking at a free model, there is always that regulatory role which comes into it. In New South Wales and Victoria, they are subject to regulation by various bodies like mine. So the freedom is not total, because it is not seen as a product that should be totally free in the market. But there are aspects of RWWA's operation, and they would be better placed than me to comment on what they

see as some of the constraints that are needed from government. But I sometimes find that those things are probably a bit exaggerated. There are benefits of being in government as well, and they tend to emphasise the downside but not emphasise the positives.

Mr J.J.M. BOWLER: It has been suggested that we do not even need to have a Minister for Racing. We do not have a minister for retail shopping. Racing is just another industry. Why do we need to have a Minister for Racing? And that has been suggested by a former Minister for Racing.

Mr Sargeant: Yes. In some states, the Minister for Sport would carry that role as part of his responsibility for his portfolio. I think it is historical. I would suggest that in the 1950s and 1960s, the trots kept telling us that they were the premier body, and everyone wanted to be a member of the trotting association, and the thoroughbreds were not the popular one. That has turned around a bit. But I would suggest that in those days you would probably find that even cabinet ministers were members of the trotting association or even members of the committees et cetera. Those times have changed. Look, I think that is a very peripheral sort of issue. I think racing likes to think they have got a minister with the title of "Racing" there, but it is not absolutely essential. Someone still has to administer the legislation, whether you call them X, Y or Z. At one stage, I think the legislation would have all come under the secretary. There used to be a member who reported to the minister. I think Hon Bill Hassell was one of those people who picked up anything that did not fall into a particular portfolio. I forget the actual term.

Mr J.J.M. BOWLER: A government agency, was it?

Mr Sargeant: No. It was a ministerial appointment, but it did not have a title "Minister for". It was some other title. I forget what it was. I think Hon Bill Hassell's time was the last time that they had that sort of scenario.

The CHAIRMAN: Has Lotterywest ever come under your department or has it always come under the Premier?

Mr Sargeant: No. It has never been under my department. While I, under contract, provide a service in regard to verification of draws, there is nothing legislatively to authorise me to do that. That is purely an agreement between us and the WA lotteries commission. It likes the idea of me being an independent body providing that service. It has not always been under the Premier. At one stage it was part of the Minister for Racing and Gaming's portfolio. It has been under the Minister for Government Enterprises' portfolio. I think now it comes under the Premier's portfolio.

The CHAIRMAN: Would you object to TAB agencies and outlets being able to sell lotto tickets?

Mr Sargeant: No. I think that when Lloyd Stewart and Roger Hussey were chairs, an investigation was done to bring the two bodies together to do the backroom work. That did not eventuate. One of the concerns Lotteries had—I can understand that—is that they do not like to associate their product with the gambling product per se. But I think the advent of Tattersalls has basically put that to bed as an issue, because Tattersalls does both quite comfortably. It is a matter of the product name in the market. Lotterywest is a very, very good name. I think you could probably bring the two together. I am not saying that is going to happen, but the eastern states are showing that it can happen quite successfully. I think you are more concerned about Lotteries being associated with gambling rather than the other way around.

The CHAIRMAN: I am told that they were not that happy when the favourite numbers were introduced, because that was a bit of a lotto-type game. It was just a game of chance and not so much about the ability to pick a horse on form.

Mr Sargeant: That was before my time.

Mr J.J.M. BOWLER: Do you see that as a way for some small towns to get both a lottery agency and a TAB when they might have neither right now, because the possibility of having the two together might provide some viability for a small shop?

Mr Sargeant: There is no doubt that rather than having two communication lines, they will need only one and they can have a joint machine, so obviously the economies would be such that it would make it far more viable.

The CHAIRMAN: Do you think the public has moved on a bit from the stigma that was once put on gambling when TAB agencies used to have frosted windows and you could not see who was in there? Do you think the public has become more accepting of the fact that having a bet is a way of life in Australia?

Mr Sargeant: I would suggest so, yes. There is now much more in-your-face advertising, and casino developments. Even the standard of product that is currently provided is far superior to the product in the past. Many years ago, a TAB agency could not have toilets, to discourage people from staying there, but now they provide a lot of facilities. So, yes, I think we have moved on from that.

The CHAIRMAN: Thank you, Mr Sargeant, for appearing before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections, and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence.

Hearing concluded at 12.28 pm