

TOTALISATOR AGENCY BOARD BETTING AMENDMENT BILL 2000

Second Reading

Resumed from an earlier stage of the sitting.

HON NORM KELLY (East Metropolitan) [5.30 pm]: I was commenting on the terms of reference and membership of the inquiry that the minister said he will instigate. The minister stated in question time that he should announce the membership and terms of reference of the inquiry in the next day or so. The minister's announcement of the establishment of this inquiry at the same time as the introduction of this Bill has resulted in the racing industry's seeing a link between the two. However, even though they do impact on each other, there is no direct statutory relationship between the proposed inquiry and the Bill before the House.

My discussions with various people in the industry lead me to believe that wide-ranging support exists for the establishment of the inquiry and the passage of this Bill. We hope that the minister is correct in his belief that the inquiry will produce a report within 12 months. However, I believe that the minister is overly optimistic about the chances of the inquiry committee reporting in that time frame, and of his being able to respond to such a report and having new legislation introduced and passed by this Parliament prior to 31 July 2002, which will be the time frame in the sunset clause that has been foreshadowed for inclusion in this Bill. I would give odds of seven to two or four to one on the chance of that legislation passing in that time frame.

Hon N.F. Moore: We had a very long-odds winner today, so you never know your luck!

Hon NORM KELLY: My luck was out because I did not bet on that gelding, that is for sure!

We have been led to believe that the inquiry will cover all aspects of the racing industry in Western Australia and all aspects of the operations of the Totalisator Agency Board, including the option to privatise the TAB. It will also inquire into the role of the principal racing clubs with responsibility for the conduct of racing, such as the Western Australian Turf Club, which is responsible for racing at all thoroughbred racetracks in the State, and the WA Trotting Association, which is responsible for all standardbred races throughout the State. I believe the WA Greyhound Racing Authority has only two tracks in Western Australia - at Cannington and Mandurah.

Hon N.F. Moore: Northam.

Hon NORM KELLY: Three tracks, including Northam, are controlled by the WAGRA.

Concern has been expressed about independence. The minister said in his media statement that an independent committee of inquiry would be appointed. The membership of such a committee must be decided by somebody - in this case the minister. The Australian Democrats will look with interest at who will be the four members of the committee so that we can assess the degree of independence, bearing in mind that it will require people closely related to and knowledgeable of the racing industry in this State if the inquiry is to be effective.

A number of suggestions have floated about for some time about the way in which the racing industry in this State could be restructured to operate in a more efficient and profitable way. One popular suggestion is to sell the Gloucester Park racetrack and amalgamate the Trotting Association's operations with the Turf Club's operations at Belmont Park. That would result in a further reduction in the number of racetracks available. About 10 years ago trotting ceased at the Fremantle track and moved to Gloucester Park. This proposal is indicative of the general downturn in the support for such racing in this State. Any further reduction in racetracks should be handled in a businesslike manner to ensure a profitable and continuing industry. Cooperation between the various codes should be encouraged and groups in both trotting and the gallops are attempting to bring that about. Some might say those groups are being pushed into the inevitable and prefer to jump rather than be shoved. However, if they can at least talk to each other, it will be for the betterment of racing overall, bearing in mind that the three codes attract support from somewhat different areas in terms of membership and general support from the public.

Part of the minister's second reading speech stated -

It is proposed to amend the Totalisator Agency Board Betting Act so that, in future, the Government can exercise some influence over the manner in which TAB funds are expended by the codes, and that the codes are more accountable for that money.

The minister proposes that, by having a discretion over the spending of about 3 per cent of the TAB's profit, he will have a degree of control over 100 per cent of the racing industry's operations. One of the major concerns of the principal racing clubs is the amount of control the minister may exert. Even though regulations will prescribe how that money can be spent, the minister says in his second reading speech -

These distributions can be made on the condition that the codes agree to performance criteria and also respond to government policies and initiatives.

Although the allocation of the discretionary funds will be prescribed, whether a club or association receives an allocation could depend on its adopting government policy. It is legitimate for clubs to be concerned about the allocation of funds, and the minister should allay those concerns. I have no doubt that the minister has made this proposal with the best of intentions. However, it could be said that he has created for himself a poisoned chalice.

Hon N.F. Moore: No.

Hon NORM KELLY: It will be interesting to see how much lobbying clubs do to receive an allocation of funds. Properly used, the ability to direct this percentage of funds will be useful to correct inequities within the racing industry and to provide the various clubs and associations in this State with incentives.

In having control of this discretionary fund, the minister could be subject to allegations of political patronage towards constituencies, particularly those of marginal seats. The minister may allocate money to the Bunbury Turf Club, for example, but rightly or wrongly, despite good argument for such an allocation, it could be construed as an attempt to prop up a marginal seat.

Hon Barry House: Only by cynics like you.

Hon NORM KELLY: I was not being cynical. I said that the minister would no doubt allocate the money equitably but, despite good arguments in support of an allocation, some people will allege that it is being done improperly.

Hon N.F. Moore: The Bunbury Turf Club is in need of some support. Its stakes have diminished and its future is looking very bleak, although it is not the only club in that position. You used Bunbury as an example, but its situation is a fact of life. If you speak to club officials, they will explain the problem.

Hon NORM KELLY: A number of other clubs are in a similar situation. In the light of the minister's role in allocating funds, it will be very interesting to see how they are distributed. Many people believe that the minister is being courageous in taking on that role.

Hon N.F. Moore: I propose to take the best advice available from the existing association.

Hon NORM KELLY: I appreciate the minister's response by interjection.

Clause 5 refers to fixed-odds betting. The only mention of this in the minister's second reading speech is -

The profits on fixed-odds betting on horse and greyhound races will also be distributed as directed by the minister, in writing.

Reference to this issue in his second reading speech comprises only two lines, without any substantiation given for why 100 per cent of the profits derived from fixed-odds betting should be dispersed entirely at the minister's discretion. Fixed-odds betting accounts for a very low proportion of TAB revenue. For the 1999-2000 year, the total TAB turnover was just over \$817m. Revenue generated from fixed-odds betting for both racing and sport was less than \$1m. That was not in operation for a full year, but it represents a very low amount when compared with the overall revenue generated by the TAB.

Hon N.D. Griffiths: That was the position until the last few days. We are still to see the latest figures.

Hon NORM KELLY: Indeed. It will be interesting to see the boost in the proportion achieved in the overall figure on Melbourne Cup day and the like. Over \$100m was gambled Australia-wide on the Flemington fixture today, and one would expect that \$5m to \$10m was gambled - that is, lost and won - in Western Australia on today's racing.

Two lines in the second reading speech outlined that 100 per cent of fixed-odds betting profit will be directed into the minister's discretionary fund. I am interested to hear in the minister's reply to the second reading debate the reasons for the application of 100 per cent of profits at his discretion. Although it is a low proportion of the revenue, it is a growing proportion. The WA Totalisator Agency Board only recently entered the fixed-odds betting area in conjunction with TABs in other States, which have larger pools available. This proportion will inevitably grow. It does not matter whether the minister says it is only a small percentage of the overall revenue, and maybe that provision should not be in the Bill. We can look at that aspect more fully during the committee stage. If the minister agrees with people within the TAB that it is a growing percentage, what are the future estimates for revenue from fixed-odds betting in the next couple of years? I am sure the TAB has those figures, which should be available to the minister.

A number of concerns have been expressed by the principal clubs. I will refer to those briefly. Most members would have received today letters from the WA Trotting Association and the WA Turf Club, which previously gave me a more detailed submission, concerning this Bill and the racing industry in general. Rob Bovell, the

Chief Executive of the Western Australian Trotting Association, pointed out in his letter four major concerns and the reasons for the association's opposition to the Bill. His first concern reads -

The changes effectively provide the Racing Minister with power to allocate TAB profits to any sector of the racing industry, irrespective of the views of the controlling authority's elected industry representatives or the majority of industry participants.

The minister interjected a few minutes ago that he will consult these groups. I hope that the association's initial concern is not realised and that the minister will engage in genuine consultation. Mr Bovell states the association is concerned that the Bill does not contain a sunset clause. Although I know that such an amendment has been foreshadowed by different people, I will return to that matter during the committee stage. His third point reads -

The "special payments" provided for via the amendments are to be made at the Minister's discretion and are made on the condition that the codes agree to respond to Government policies and initiatives. This provision can be viewed as a Government takeover of the codes.

In controlling 3 per cent of the funds, the potential arises for the minister to control 100 per cent of racing bodies' operations. The final point reads -

The Bill provides for profits on fixed odds betting on horse and greyhound races to be distributed as directed by the Minister.

Given the level of profits from this betting, the change will not be an issue if a proper sunset clause is inserted into the legislation. Again, I am interested to hear the projected revenues for fixed-odds betting.

Philip Neck, the Chief Executive of the Western Australian Turf Club, sent a similar letter outlining its concerns and its reasons for opposing the Bill. First, the TAB fixed-odds betting will be distributed by the minister and not as a proportion of that generated by the different codes. Secondly, there is no sunset clause, to which I have referred. Thirdly, Mr Neck states -

The Minister is insisting that by being able to "direct profit distributions in excess of \$50 million, the government will be able to distribute the moneys when and where the need is greatest. These distributions can be made on the condition that the codes agree to performance criteria and also respond to Government policies and initiatives".

Obviously, Mr Neck was quoting from the minister's speech. He goes on to say -

We view this as nothing more than a Government takeover of racing. This is further evidenced by the statement in the second reading "The Bill provides that the moneys paid by Ministerial direction to racing clubs may only be used for prescribed purposes" . . . The views of each code's controlling body may be ignored.

They are the concerns of the principal clubs for standard and thoroughbred racing in this State. The Western Australian Greyhound Racing Authority also referred to its concerns in its regular newsletter, *Kenel Notes*, of 5 October, in which Mr Ken Norquay, the chief executive officer, states -

Whilst it is acknowledged that the increased greyhound turnover has been generated by events primarily outside WA, the three codes of racing in WA represents only 25% of the WA TAB investments. The WATC and WATA has since inception of the TAB enjoyed the benefits of the Distribution formula regardless of the boundaries. There is no distinction between local and Eastern State profit as far as Distribution is concerned.

He goes on to say -

The WAGRA Board considers the capping of the Distribution to 1999/2000 levels is not desirable for any of the codes because it limits the main income stream of each code and does not provide incentive to grow. Any indefinite capping in the longer term may prove catastrophic.

Each of the three principal clubs has expressed to me the concern that capping the proportional distribution to the first \$50m of profit will negate the incentive to increase TAB profits. However, I am not sure whether I totally believe that sort of argument. It is in business and generally runs a good operation. However, it may wish to redirect profits so they are profits directly realisable by the club or association, rather than profits that are generated by the TAB, which would ordinarily flow back to the club or association.

They are the comments of the principal clubs, but other associations and groups, such as the Country Racing Association and the Western Australian Provincial Thoroughbred Racing Association, which between them represent 42 racing clubs around the State, are more supportive of the Bill. They are losing out under the current

arrangements because they must, to a certain degree, go cap in hand to their principal club and they do not get their fair share. Likewise, the Western Australian Thoroughbred Racing Industry Council is supportive of the Bill, and it represents a wide range of people employed in and connected with the industry, such as owners, trainers, breeders, jockeys and bookies. Basically, it is the bulk of those employed in the racing industry, which is the equivalent of between 4 000 and 5 000 people working full time in the industry.

Overall, there seems to be a degree of support for this legislation. However, as I said earlier, there is an even greater degree of support for a worthwhile inquiry into the racing industry; that is, into the Totalisator Agency Board, the roles of the clubs and the distribution of profits generated by the industry.

Although the Australian Democrats are reluctant to support this Bill, we believe that it would be more disastrous for the current funding arrangements and the current legislation to continue. At the moment, interstate greyhound racing generates an increasing proportion of TAB profits. An additional 700 greyhound meetings a year are covered by the TAB. This is resulting in a bigger proportion of TAB profits being generated by the greyhound code.

Hon J.A. Scott: How do you think it should be split up?

Hon NORM KELLY: Dealing with distributions within the State, it is also important to look at what is generated within the State. Whereas greyhound racing generates about 17 per cent of the TAB's revenue, Western Australian meetings generate only 14 per cent of that Western Australian take. The thoroughbred racing industry generates about 63 per cent of total revenue. However, the revenue generated from Western Australian meetings is 67 per cent or two-thirds of the take in Western Australia. As I said, there are only three greyhound tracks in the State. There are at least 44 thoroughbred racetracks in the State covered by the TAB, and there are also numerous trotting tracks throughout the State - I am not sure of the number. Profits can be allocated in many ways. An important role of the inquiry would be to look at that and to recommend changes.

I will also comment on what is proposed in regulations that would flow on from the enactment of this legislation. Provisions are proposed by the Government for the transitional period during which the Government will make use of \$1.5m, irrespective of what the overall profit of the TAB is for this racing year. It is of concern that although it has been put forward that the minister's discretion will apply only to the amount above \$50m, according to the draft regulation with which I have been provided regarding the distribution before 1 August 2001, the minister will have a guaranteed and a required access to \$1.5m. Therefore, I will be interested in the minister's comments about whether this is a draft regulation that requires further changes, so that as TAB profits are distributed on a monthly basis throughout the year, only as much as is generated by the TAB above the estimated \$50m profit will be distributed. We would not like to see a situation in which the minister is able to cut into that \$50m promised to the three codes, as per the proportions outlined in the Bill.

Sitting suspended from 6.00 to 7.30 pm

Hon NORM KELLY: The Australian Democrats have concerns about some of the proposed regulations. Prior to the dinner suspension, I referred to a proposed section under which the minister would be required to distribute \$1.5m of the TAB's reserve funds, irrespective of the agency's yearly profit. How will those ministerial funds be distributed? I have been provided with a list of three ways in which such funds could be used, one of which is for the payment of stake money or breeders' incentive bonuses. I hope that will allow for the payment of starting fees and the like. In Victoria, owners are paid \$200 to \$300 to include their horses in races. We are pleased that this State no longer requires owners to pay a fee to start their horses, and that clubs do not offer financial incentives to have horses in their races.

The Australian Democrats support such provision of stake money and breeders' incentives. We want to see the funds more widely distributed so that they impact upon more owners than simply those winning stake money.

The second provision deals with the improvement of racing or training facilities. This appears to be in addition to the moneys distributed by the Racecourse Development Trust from uncollected dividends for areas in need of capital improvement - although a decision was made recently to fund the Geraldton Turf Club for the repayment of its debts. I would like to hear from the minister how that payment from the Racecourse Development Trust to the Geraldton Turf Club was in line with the way in which those uncollected winning dividends should be distributed, because it seems to be a departure from the normal course of events where funds are provided only for future capital works.

The third area to which money is proposed to be allocated is the provision of services at or for the races, including race broadcasting services. I query the proposal to include the race broadcasting services in these regulations. On first reading it appears that such services should be funded from the TAB's ongoing budget because although the broadcasting of such services would provide a fillip for the race clubs involved, they are more directly attributable to an increase in TAB turnover and profits.

At this stage I have a few minor queries rather than concerns about how the minister's discretionary fund will be used. At this stage I use the term "discretionary fund" rather than "slush fund" because a determination will be made in the future on whether the minister has used proper discretion or dealt with it simply as a slush fund. I believe the current minister intends that the money be used with proper discretion. I would like to think he will use that money in the best possible way for the industry. As I said earlier, the Australian Democrats are somewhat reluctant to support this Bill, although we believe that the Bill provides a better option than allowing the existing legislation to continue in its current format. The Australian Democrats believe that the Bill can be improved, and will work towards that end at the committee stage of the Bill.

HON J.A. SCOTT (South Metropolitan) [7.37 pm]: The Greens (WA) will support the Bill. I will spare the minister a rehash of the positions of the various racing clubs in the State, given that he says he now understands them.

Although the Greens (WA) believe that the Bill is well intentioned, it has some misgivings. The principal misgiving follows my briefings with members of the racing clubs. The racing clubs were not fully consulted about the Bill and did not know it was ready to proceed through Parliament until the day of the second reading speech when they received their first copy of it; that was an error in the process. I understand why the minister took that course because there is some conflict between what is happening at the provincial level of racing, the metropolitan areas, and between the various groups. If that information is correct, it would have been better to have consulted those bodies. It would have been better to work out some of the problems that people had with the Bill before it appeared in this place. The Bill's arrival in the post at those organisations on the same day as the second reading speech was given could hardly be said to be sufficient consultation with the key stakeholders. I suggest that a rather earlier start be made when dealing with future Bills.

As Hon Norm Kelly said, the Bill has been put together and presented before the review of the industry has taken place. Many new factors will be involved in the investigation by the review body. I have been given to understand that significant costs are imposed on the industry by the goods and services tax. The Western Australian Trotting Association has told me that the computer software that it has had to install has cost hundreds of thousands of dollars. Four of the people who are involved in trotting in this State are not highly professional but largely hobbyists. The GST will impose costs of \$10m on them. The review would need to look at those types of additional costs that are being imposed on the industry. I can understand why the Bill is transitional legislation until the review takes place. Clearly, some of the bodies will not be advancing but regressing, particularly the WA Trotting Association, which will not be as vigorous an organisation as it has been in the past. There should be no reduction in its funding at this time.

Hon Norm Kelly referred to one of the major concerns of the industry; namely, a sunset clause. This will be put in the form of an amendment, which will make an important change. The minister would not be in a good position if he ended up permanently having to pick and choose to which of the competing organisations he handed out money. It would be an invidious position, and one from which he would be wise to distance himself and allow some combined industry body to organise where funding is allocated. He may be able to put some parameters in place. In the first couple of years it will not amount to significant amounts of money, so it will not make that much difference; however, it will leave the minister open to charges of favouritism or pork-barrelling. I do not believe the minister will allocate money in that way, and he will not have much success with the small amounts of money available in the first period. The absence of a sunset clause could become a problem. However, as promised, such a clause has been included in an amendment.

Concerns have been raised about undue ministerial interference in the industry. However, some sectors of the industry clearly need reform and they probably need the assistance of the minister. It is a balancing act. The primary purpose of this legislation is to assist the industry rather than to cause it problems. The Greens (WA) support it on the basis that it includes the sunset clause.

HON MAX EVANS (North Metropolitan) [7.46 pm]: At a recent parliamentarians' day at Ascot Racecourse, the Chairman of the WA Turf Club made a very political speech omitting half the relevant facts. I will now clarify the situation for members.

In 1991-92, the Totalisator Agency Board's turnover was \$460m; in 1998-99, it was \$782m; in 1999-2000, it was \$817m; and, this year's turnover is estimated to be \$818m. The Chairman of the Turf Club never points out that the industry always gets more than the Government gets. Some years ago, before the New South Wales TAB was privatised, the Government got three times as much as the industry got. In 1999, the Government got \$39m and the industry got \$49m; in 1999-2000, the Government got \$41m and the industry got \$50m; and next year the Government should get about \$41m and the industry about \$49m. The industry has done very well out of this arrangement. No other Government in Australia has provided more to the industry than this Government has provided.

In December 1992, Hon Pam Beggs reduced the tax on the totalisator from 6 per cent to 5 per cent and the rebate was paid on the total tax collected on course. That increase has amounted to tens of millions of dollars over the years. No other State has even thought of doing that. The industry never acknowledges that it receives these on-course taxes. Mr Van Heemst keeps saying that he wants more and more. He should try to promote his product rather than continually ask for more money from the Government.

On-course betting at metropolitan venues is decreasing every year. On the other hand, the turnover at country courses has increased by a greater factor than the metropolitan turnover has decreased. Many incorrect statements have been made about this issue. The turnover at the trots and the greyhounds is also decreasing. This is a very serious problem. The reduction in turnover this year has led to a 17 per cent margin that will cost about \$500 000. The Turf Club is losing more each year. We can see from the graph that if it does not do something about that decline, it will have real problems. It would not matter how much money the Government put in; it would just lose it on course.

Hon Norm Kelly talked about an extra 700 greyhound meetings over the past couple of years and a couple of hundred trotting meetings in what we call the twilight zone. If I had not changed the board and the Turf Club and the codes had still been on that board, they would not have allowed those extra race meetings to take place. The Turf Club was bitterly opposed to expanding the number of trotting and greyhound meetings because it would upset the percentage factor, which it wanted to use for its own benefit. However, it has made a lot more net profit at the end of the day, because in this State we can bet on a twilight meeting at 5.00 pm, which would be 8.00 pm in the eastern States, and we have many more meetings to bet on. That has been good for the turnover and profitability of the industry. The Government has made major changes in that area.

I have always said we would not privatise the TAB. Victoria gave all the electronic gaming machines - the poker and slot machines - to TABCORP and Tattersalls Holdings Pty Ltd for nothing. They should have been charged \$1b to \$2b each for goodwill to make the money that they did. Originally they were to get 22 500 machines each, and that was reduced to 27 500, split between the two. That made a lot of money for the codes, and 25 per cent of the profit from those gambling machines is going back to the racing industry. New South Wales is also putting the money from the slot machines back into the racing industry. However, because this State does not have slot machines, no extra revenue can come back to the codes in this way.

The reviews will examine whether the TAB should be privatised. At the end of the day, some years down the line, it will probably be a trade sale rather than the situation that applied in New South Wales and Victoria. The TAB is not big enough to float. It is only a matter of time when the codes in the other States will charge for the race pictures - in other words, people will have to pay for the race pictures that they want to bet on - because 75 per cent of the turnover of the TAB in Western Australia comes from eastern States racing. If they started to charge for that, it would eat into the profits.

I support this Bill, and I commend the minister for introducing it. There is no doubt that the Turf Club is doing nothing to help racing. Some years ago, when other legislation was in this place, great pressure was brought to bear by Hon Ian Taylor, on behalf of the country clubs, to change the formula from 28.09 per cent to 32 per cent or 33 per cent. That would have taken \$2m or \$3m from the Turf Club for country racing, and that would have decimated the Turf Club and made the situation even worse than it is today. We need to look at how we will do it. Ted Van Heemst gave \$400 000 or \$500 000 extra to the country clubs that year, and that remained the case for two or three years. However, last year he said their share of the total revenue raised was not 28.09 per cent - I am just doing some figures, and he is not quite right - and he took it away. The reason for the fuss that the minister has got from the country clubs is that this bonus amount of money for the past three years has been taken away from them. That must be rectified, because the racing industry is important to the social life of people in the country, as are banks and everything else, and we must keep it going for as long as we can. I support the legislation.

HON N.F. MOORE (Mining and Pastoral - Minister for Racing and Gaming) [7.53 pm]: This Bill is about trying to develop a sustainable future for the racing industry; and I use the words "racing industry" in the broadest way. Hon Nick Griffiths said that the Labor Party reluctantly supports the Bill. The Democrats reluctantly support the Bill, and the Greens (WA) reluctantly support the Bill. The Government enthusiastically supports the Bill.

Hon Nick Griffiths said that Labor Party supports the Bill because it is the only thing on the table. I ask Hon Nick Griffiths: What would he put on the table? I have been trying to find out the Labor Party's position on this matter. I have read Hon Nick Griffiths' letters to the editor, in which he said he would have a review; and that is the sum total of it. If Hon Nick Griffiths thinks the Government should reduce its take, then I ask: Does he support the proposition that the Government's take should be reduced from 5 per cent to 4 per cent? I have given the member a moment to consider that question, because it is all very well for him to say we have not done enough, but when he is asked what would he do, he just ignores me. The time has come for the Labor Party to

put up or shut up on some of these issues. It is all very well for it to criticise the Minister for Transport for selling off Westrail when the alternative is to send the State into massive debt. The Opposition never says what it will do.

Hon N.D. Griffiths: We will tell you our policy at the appropriate time.

Hon N.F. MOORE: It is unfair for the Opposition to criticise somebody who is doing something, as the Government is on this occasion, without putting forward an alternative.

Hon N.D. Griffiths: We are supporting you on this Bill.

Hon N.F. MOORE: The Opposition has not put forward an alternative. I look forward to hearing what the Labor Party will do for the racing industry.

Hon N.D. Griffiths: So you should be and so the racing industry will be.

Hon N.F. MOORE: We should bear in mind that the Opposition reluctantly supports this Bill on the basis that it is all there is to offer. If the Opposition has money to offer, it should tell us what it is, where it is coming from and how it will be allocated. I am interested to hear the Opposition's position because the public should know, and is entitled to hear, what it is. I have no desire to run the racing industry. However, I would like the codes to run the industry better. In recent times I have been concerned about the direction in which the industry seems to be heading, which is to freeze out country racing, and country gallops in particular. Those races are in a serious position. The country associations came to me and told me that they needed help. The Western Australian Turf Club and the Western Australian Trotting Association to a lesser extent do not appear to be providing the support that country communities are requesting.

The Minister for Racing and Gaming does not have any money to spend because all profit generated by the Totalisator Agency Board goes to the codes, without any strings attached. However, it is government money. I find it extraordinary that some people argue that this Bill needs a sunset clause to prevent the minister from getting his hands on any of the money when it is government money. It is unusual to suggest that it is a good thing to give \$50m to the codes each year without any strings attached and to let them spend it however they wish. That is ironic. It is time that the racing industry realised that it gets \$50m from the Government - the profit of the TAB - because that is a government decision on how that money will be spent or allocated.

Hon J.A. Scott: The Government would not get anything if there were no racing.

Hon N.F. MOORE: Exactly, but there may be other ways to help. The decision has been made over time to give the profits of the TAB, less the Government's tax, to the codes. At the moment it is given without any strings attached. It is interesting that some people think that because this Bill gives the minister the power to spend up to \$1.5m a year, somehow or other this gives the minister the power to take over the racing industry. How \$1.5m out of \$51.5m gives the minister control over the racing industry is beyond me! If that could be done, I would love it because that would be nice to translate into other circumstances, in which 3 per cent would give a person control. It does not work like that. Not even in politics.

Hon N.D. Griffiths: Unless you are the Democrats.

Hon N.F. MOORE: Yes, unless you are the Democrats or Brian Harradine. Nobody likes that.

Hon N.D. Griffiths: They do.

Hon N.F. MOORE: Yes, they do.

Hon Norm Kelly: Most people do not like it. Get it right.

Hon N.F. MOORE: I want to make one thing clear. It has never been my intention that the use of the \$1.5m will, in any way, affect how the \$50m is spent. The Government does not intend to use that money to have any influence on the \$50m. The codes can spend that how they wish. However, the government review will have a good, hard look at how that money is being spent.

Hon Norm Kelly: Is it fair to say that when you refer to the second reading on how the clubs need to adopt government policy, that is only in relation to that -

Hon N.F. MOORE: It is the \$1.5m.

Hon Norm Kelly: Okay.

Hon N.F. MOORE: I make it clear that the Government does not intend to take over the racing industry. I know there are people who would like somebody other than the principal clubs to control the racing industry; however, that is for a review to determine, not me. I would like to come in here with all the solutions to the problems in the racing industry. I would like to have a Bill on the table that would solve all the problems so that it could be passed and everyone could be happy. I do not know all the answers. It is a complicated and complex industry.

Many different groups have different points of view. I have been told that the only time the Western Australian Trotting Association and the Western Australian Turf Club were ever friendly with one another was when they criticised me for bringing forward this legislation.

Hon Norm Kelly: You are a great conciliator.

Hon N.F. MOORE: People said what a wonderful thing it is -

Hon N.D. Griffiths: You have brought them together.

Hon N.F. MOORE: - that the minister has brought them together for the first time in joint opposition to him. I take some credit for that!

Hon N.D. Griffiths: It is a fine achievement.

Hon N.F. MOORE: It is a marvellous achievement. The presidents of the Turf Club and the Trotting Association were shown in full colour on the back page of *The West Australian* shaking hands at Ascot or Belmont Park Racecourse. It was not at the trots. There was a suggestion that the Turf Club was the big brother in that situation.

However, the purpose of this legislation is to put in place an interim measure to give the Minister for Racing and Gaming a capacity to make decisions about the way in which the racing industry operates in Western Australia. We estimate that this year the profit growth of the TAB will be \$1.5m and this will be used to try to look after those areas in need. It has been suggested that this takes away incentive from the codes. I do not know why that continues to be said. On the basis of the existing legislation, the contribution to the gallops and the trots will drop almost 3 per cent each this financial year and to the greyhounds will rise almost 10 per cent. If that is not an incentive, I do not know what is. I propose that the codes receive the same number of dollars this year as they received last year, so that the amount for the gallops and the trots does not decrease and the amount for the greyhounds does not increase - everybody stays the same. Any profit made will be distributed among the codes on the basis of the needs that I am talking about. The money will still go into the industry; it will not go into the minister's pocket. It will go to those parts of the industry that we regard as most in need. The money will be going in, so that there will be growth. However, the nature of the TAB legislation and the distribution of funds does not provide an incentive for anybody, because it is set in percentage terms for the gallops and the trots, and the greyhounds receive their percentage by virtue of their legislation, which says that whatever is bet on greyhounds goes to greyhounds. I can see no incentive in the present system. That is something that a review will have to sort out.

As Hon Max Evans said, over 70 per cent of the money generated by the TAB in Western Australia comes from betting on eastern States' races. The 65-35 split between trots and gallops does not bear much relationship to the amounts they both generate; that decision was taken to try to ensure that trots survived, as much as anything else. However, those issues need to be reviewed.

As I said during question time today, I hope to be in a position to announce the terms of reference for the review in the next day or so. This legislation and the review are, in effect, a package. The legislation is the interim financial package. I will move to insert a sunset clause during the committee stage to ensure there is enough time for the review to be undertaken, and then the sunset clause will come into effect. The review will by then, hopefully, have recommended how the industry should be legislated for in future; we can then get away from this minister being involved, or do whatever the review recommends. Those issues are tied together and they are a package. I put the first proposition, the legislation, to the racing codes first and said it was an interim measure to try to sort out their problems, but they rejected that. For the information of Hon Jim Scott, I put it to them on a number of occasions and discussed it at great length, but I was basically told to get lost. There is no support for the principle, so there is not much point taking the Bill to them. It was discussed with the codes and they did not support it. I do not know why, because it ensures that the gallops and the trots get the same number of dollars this year as they received last year instead of the amount decreasing. I would have thought that had something going for it at least; they did not think so.

The way in which the minister can spend the money will be outlined by way of regulation; the regulations will state in which areas the money can be spent. Parliament will therefore have the capacity to disallow that if it wishes.

Hon N.D. Griffiths: That is a difficulty though, is it not, because disallowance only has effect if at the time of disallowance the money has been spent. The money has been spent and that is it.

Hon N.F. MOORE: There is always next year, is there not?

Hon N.D. Griffiths: There is always next year.

Hon Norm Kelly: Is the money not distributed and used on a monthly basis? That is why I was concerned about their getting the \$1.5m immediately.

Hon N.F. MOORE: If I have to wait until the end of the financial year to see what the profit is before I can distribute any money, there will be no immediate solution. In the meantime, Bunbury and Pinjarra and a couple of other racetracks will be in serious jeopardy. The proposal is for the minister to be able to access funds from the reserves up to \$1.5m, which I am reliably told will be the approximate profit for the year. I can access that now, so the money can be spent now, to ensure that the problems we are concerned about can be addressed immediately.

Hon Norm Kelly: Is it anticipated that the \$1.5m will be allocated before the election?

Hon N.F. MOORE: Absolutely - as soon as the Bill is passed. It has nothing to do with the election. As I tried to explain earlier, it could be seen that I was administering money on the basis of politics. The Deputy Leader of the Opposition said that it was grubby politics. The facts of the matter are that clubs like Bunbury are now in serious trouble. I visited Bunbury racetrack and I was told in no uncertain terms that the club would not go into the red. The people running the club are responsible and will only run the club in the black. I was told that if the club was unable to survive it would be closed down. The club will reduce its stake money by several thousand dollars each race over the next season. That will make it very difficult for the club to attract the sort of horses it wants to attract. It will make it almost impossible for anyone to make money from racing. The industry in Bunbury is in danger of imminent collapse. The Government does not have any time up its sleeve - the problems are on the club's doorstep. The club happens to be in a marginal seat but I have no problem with giving it money as it is a deserving group. Money will go where it is most needed. I do not care where clubs are located.

I propose to put together a group, including people from the Racecourse Development Trust, and I will approach various organisations such as the Western Australian Thoroughbred Racing Industry Council, the provincial race organisations and the country trotting associations and ask them what they want the Government to do with the money in order to best assist them. We will ask organisations, such as the provincial racing organisations, what are their problems. The Government will respond to what it is told. People like Ian Loxton, who runs provincial racing, have a wealth of knowledge about the various clubs. He can provide me with good advice about how the money should be distributed and how the problems can be overcome in the short term. There is no question that what is being proposed is only a short-term fix. It could be left in place forever to allow the minister of the day to get involved - it may be what the review recommends. The entire \$50m may be spent or it could be given to another body. A similar example is the Lotteries Commission. The commission spends over \$100m a year. A minister is in control of it but recommendations are made through its board to the minister. A lot of money is raised and spent by various government organisations that are subject to processes of control that people regard as appropriate and legitimate. I can assure the House that a proper and legitimate process will be put in place to allocate the \$1.5m. It is a measly proportion of the \$50m that is already given. The issue is not about political patronage or grubby politics; it is about trying to save some race clubs from extinction.

Hon J.A. Scott: Am I to assume that we are not going to see any more photographs of the minister handing out cheques?

Hon N.F. MOORE: I do not know about that! That is not grubby politics; it is giving credit where credit is due!

I do not think there is anything I can comment further on before the committee stage commences.

Hon Norm Kelly: Except the point about photographs.

Hon N.F. MOORE: When the member is part of a Government, he can be in a photograph. One thing is certain: This legislation will have passed through its sunset clause before any of the members opposite are in government.

Hon Max Evans raised some interesting points. He was the responsible minister for a long time. He has ensured that the TAB operates as a commercial organisation. As he mentioned, the growth in TAB revenues has been significant. Growth in TAB revenues from 1992 to 1999 has been about \$65m. On top of that that, decisions were made by the previous Labor Government, and reinforced by the present Government, to reduce the Government's take from 6 per cent to 5 per cent, to get rid of the on-course totalisator taxes, and to reimburse the bookmakers' levy to clubs. These three measures have seen the Government forgo about \$95m in revenue between 1992 and 1999. This is extra money that has gone into the racing industry, in addition to what they already get from the TAB. It is a significant extra amount of money in that time, but we continue to be told by some people that the only way to solve the problem is to continue to reduce the Government's share of tax and put more money into the system. If an extra \$95m of forgone government revenue has not solved the problem, then more fundamental problems need to be addressed; the only way that can be done is by a review. The review panel will be independent - none of the members is involved in the racing industry. The racing industry wanted to tell the Government what the terms of reference should be, and to nominate members of the review panel. However, an independent review is required. Therefore the various racing codes must be excluded from it. The terms of reference will be broad, and I have told the industry that everything is on the table - the

Government's tax take; the goods and services tax; the distribution of revenues; the governance; the TAB itself and its future; and whether the TAB should remain as a separate entity or be privatised or sold off as a trade sale. It will take the review panel at least 12 months to come up with some findings, which I hope will show a way forward for the industry.

The racing industry is very important to Western Australia. It is a large employer and provides a great deal of pleasure to many people. I am particularly keen to save country racing and country trotting because they are fundamental to the social fabric of many country communities. This is one way in which action can be taken to assist those clubs, because of the attitude being adopted by the principal clubs in both trotting and galloping. I thank members for their reluctant support of the Bill, and look forward to having them stand by me at a couple of race clubs, having their photo taken in acknowledgment of their support, which I know between now and when the photograph is taken will go from reluctant to enthusiastic.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Hon J.A. Cowdell) in the Chair; Hon N.F. Moore (Minister for Racing and Gaming) in charge of the Bill.

Clause 1 postponed until after consideration of the long title, on motion by Hon N.F. Moore (Minister for Racing and Gaming).

Clause 2 put and passed.

Clause 3: The Act amended -

Hon N.F. MOORE: I move -

Page 2, lines 4 to 6 - To delete the lines and insert instead -

3. Modification of Act

The *Totalisator Agency Board Betting Act 1960** is to be read as if it were amended as set out in this Act.

It is the intention of the Government to insert a sunset clause in this Bill. I was a little surprised when this amendment came from parliamentary counsel, because it seemed a convoluted way to put in a sunset clause. However, the explanation was that to ensure that only this part of the legislation is subject to the sunset clause, in the context of the clause as drafted, it would be better to deal with it as a separate Act standing outside the main Act. Although it is unusual it achieves the purpose.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 4 put and passed.

Clause 5: Section 27B amended -

Hon N.D. GRIFFITHS: I am interested to hear whether the minister knows what the Totalisator Agency Board anticipates to make this racing year from fixed-odds betting and whether he has any knowledge to date about the fixed-odds betting events that have occurred so far - the Cox Plate, Mackinnon Stakes and, in particular, the Caulfield and Melbourne Cups double. It may be a little early for that. However, the TAB is computerised and when we place our bets it is able to tell us fairly quickly how much we may win. The Chamber is entitled to know how much money is involved. It has been suggested to me that very little is involved. Therefore the first thought that comes to mind is why it should be treated as a special case. If the contrary is the case and it involves a substantial amount of money, why should that be treated as a special case? Why should fixed-odds betting not be dealt with in the normal process for funds raised through the operations of the TAB?

Hon N.F. MOORE: The sum involved is quite small. The estimate from the TAB is that turnover will be about \$500 000 per annum, which will provide between \$5 000 and \$10 000 profit for distribution. I hope the amount will grow in due course because it provides a service that the TAB previously has not provided. At the moment the estimates are that it will be a tiny part of the TAB's turnover. The Government has decided this money should go into the minister's fund because it is new money. It is an area of new activity. It is one of the growth areas in this financial year, because the TAB did not get any money last year from fixed-odds betting. It is the intention of this legislation that any growth this financial year - or until the sunset clause is implemented - be provided to the minister to allocate to worthy causes. It is not a lot of money and if the Opposition votes against

the clause, the clubs will get \$10 000 each instead of the money going to the minister. It will not make much difference in the overall scheme of things.

Hon NORM KELLY: When I received information from the Office of Racing, Gaming and Liquor on fixed-odds betting, I was given a figure of \$900 000 part year revenue, which included sports and racing betting. I appreciate that half a million dollars for racing alone for a full year is probably a fair estimate. Given that the profit generated from the revenue appears to be about 6 per cent, it would then equate to about a \$30 000 profit and, under the current Bill, that would be distributed at the minister's discretion. We are therefore talking about a very small amount of money. However, I dispute the minister's assertion about it being new money coming into the TAB. That is probably true in regard to sports fixed-odds betting; however, a proportion of racing fixed-odds betting will be either new money or money diverted from bookmakers to the Totalisator Agency Board as the TAB will be able to compete directly against bookies in that regard.

That raises other issues into which I will not delve tonight. However, generally, most of that money will be money that is diverted from the normal totalisator betting of the TAB into fixed-odds betting. A report was published on the financial impacts of fixed-odds betting after it was introduced. I do not have that report with me, but I believe that is the general case as stated in the report. I dispute the assertion that it is new money coming in. One could argue the other way: In the scheme of things, \$30 000 is not much money to worry about; therefore, why should the minister have it at his discretion when he has sufficient influence over the distribution of \$1.5m? Given that it is a growing part of the TAB revenue, it could be dangerous to allow 100 per cent of the \$30 000 profit to be dispensed at the minister's discretion.

Hon N.D. GRIFFITHS: I shall make one observation about the fixed-odds betting profits to come from the operations of the racing codes. On 19 September, I asked the minister a three-part question without notice. The first part asked -

What is the total estimated Totalisator Agency Board distribution to the racing codes for this financial year?

The answer was \$49.765m. I note the racing year is different from the financial year. I asked also about the distributions in previous years and their breakdowns. It appears more likely than not in this racing year that the distribution to the codes will be under the nominal cap. The Bill seeks to allow a sum to go to the minister in addition to the cap by giving him access to reserve funds of the TAB. Given that there will be a cap, apart from other issues about fixed-odds betting which may emerge, it would be desirable for the normal revenue to flow to the codes from the TAB and for the codes to have the opportunity of reaching that \$50m. The minister said that not much money is involved and he is not too worried if we vote against this clause. However, it is desirable that the money to be received from fixed-odds betting during the lifetime of this Bill - whatever that lifetime may be - flows into the TAB in the normal way and through the TAB to the codes, as was envisaged when the fixed-odds betting legislation was passed relatively recently by this House.

Hon N.F. MOORE: In respect of the second matter raised by Hon Nick Griffiths, the TAB indicated to me that its total funds for distribution in 2000-01 will be about \$51.5m.

Hon N.D. Griffiths: That includes the sports but not the codes.

Hon N.F. MOORE: No, that is the money to be distributed to the codes. The TAB believes there will be no problem achieving \$50m. The regulations will be determined on the basis of projected revenues and funds for distribution. That is why the ballpark figure of the growth above \$50m is \$1.5m. I am confident that the Totalisator Agency Board will generate the \$50m.

At present, fixed-odds betting applies only to turf racing. If we do not include this clause, it will mean money generated from turf racing will need to be distributed 65:35 per cent between trotting and turf racing. The argument about which club is generating money and which club receives it will arise again. On the basis that the amount is small, the \$50m will be generated and distributed. So that some of the areas of need in the industry are taken care of, the \$30 000 that will result from the growth in the next financial year should be left to the minister, rather than be given to the codes in addition to the \$50m I am sure they will receive.

Hon N.D. Griffiths: In the light of the advice you have been given, it will not make any difference. You will be able to deal with anything over \$50m anyway. The figures you have just provided are a substantial increase on the projections the TAB made a month and a half ago; therefore, why not leave the fixed-odds betting provision as it is?

Hon N.F. MOORE: In the short term, the minister will need as much money as he can get his hands on to deal with the problems. The \$50m will be used. If any extra money is generated from fixed-odds betting, it should be available for his discretion.

Hon N.D. Griffiths: Given what the minister said of the TAB's finances, when the Bill is passed, it will allow the minister discretion to spend as much money as he can get his hands on, regardless of whether he touches fixed-odds betting.

Hon N.F. MOORE: If members opposite want to toss out this clause they can.

Hon N.D. Griffiths: It will not matter. It will be a bookkeeping exercise.

Hon N.F. MOORE: It is a matter of the growth-generated funds being used to provide the necessary support. The Bill contains a sunset clause. The Western Australian Trotting Association said that fixed-odds betting could be an issue if there were no sunset clause. However, the sunset clause will take effect in about a year and a half. All the funds will go back into the pot and be distributed to the codes on the basis of the legislation at the time.

Hon J.A. SCOTT: As I said during the second reading debate, I can see advantages and disadvantages arising from this clause. The money that is paid out by the minister can be used only for the purpose prescribed in regulations. I would like an idea of how that money will be allocated? I am a little mystified about the regulations. Now that Hon Norm Kelly has passed me a copy of the draft regulations, I will be able to examine them.

Hon N.F. MOORE: We have drafted some regulations so that members will have some idea of what I have in mind. The regulations should be as broad as possible so that the areas of need can be taken care of. I do not want to be constrained by regulations that are too restrictive. The regulations state that the money can be used for stake money, breeder incentive bonuses, racing or training facilities, and services provided at, or associated with, races, including race broadcasting services. I cannot think of anything it does not include, other than the administration of the race clubs themselves. I am not sure that the clubs will receive any of these funds. The money can be used for stake money, which is where the main problem lies. It covers racing and training facilities. As the racecourse development trust is into that area in a big way, it will not take much from this fund; however, it is important to have that opportunity. The funding relates to services provided at, or associated with, races. It is broad, but it must relate to race meetings.

I meant to mention race broadcasting before. The trots have Channel 31 on board, which is costing a lot of money, but people believe it is improving patronage. That might be one area in which this funding can help. Country clubs are concerned that the Turf Club is charging for its broadcasting services, particularly televising into the city. The funds could be used in that regard. I am trying to be as broad as I can, but not to put the money into pots with no idea about its usage.

Clause put and a division taken with the following result -

Ayes (15)

Hon M.J. Criddle	Hon Ray Halligan	Hon M.D. Nixon	Hon Derrick Tomlinson
Hon B.K. Donaldson	Hon Barry House	Hon Simon O'Brien	Hon Giz Watson
Hon Max Evans	Hon Murray Montgomery	Hon B.M. Scott	Hon Muriel Patterson (<i>Teller</i>)
Hon Peter Foss	Hon N.F. Moore	Hon J.A. Scott	

Noes (12)

Hon Kim Chance	Hon E.R.J. Dermer	Hon Tom Helm	Hon Ljiljanna Ravlich
Hon J.A. Cowdell	Hon G.T. Giffard	Hon Helen Hodgson	Hon Ken Travers
Hon Cheryl Davenport	Hon N.D. Griffiths	Hon Norm Kelly	Hon Bob Thomas (<i>Teller</i>)

Pairs

Hon W.N. Stretch	Hon Mark Nevill
Hon Greg Smith	Hon Tom Stephens
Hon Dexter Davies	Hon Christine Sharp

Clause thus passed.

Clause 6: Section 28 amended -

Hon NORM KELLY: The debate on the last clause highlighted the arbitrary nature of this legislation and exactly how much money the minister will have at his discretion. The fact that the Totalisator Agency Board is expecting a profit of \$51.5m makes the \$50m specified as the amount in the last financial year a nice round figure, and \$1.5m is a reasonable amount to impact on areas that may need it. I move -

Page 4, lines 10 and 11 - To delete "each racing year commencing on or after 1 August 2000" and insert instead -

“the racing years commencing on 1 August 2000 and 1 August 2001”

This amendment proposes to insert into section 28 a sunset clause on ministerial discretion. A new section 28(2) is proposed for the Act, and the Australian Democrats believe that keeping those percentages for the three different codes is a good option for the short term. However, we have concerns about the sunset clause proposed by the Government and the Government of the day meeting the deadline of 31 July 2002, by which it must have legislative reform through this Parliament. As I said in the second reading debate, the odds of that being achieved are between 7:2 and 4:1. Although we do not want to prolong the sunset clause in this legislation, we definitely do not want to prolong the period during which the minister may use his discretion. Our main concern is that in two years or around June 2002, if it becomes clear that it will not be possible to put the legislative reform through Parliament by the deadline, there will be a push to pass a very simple amendment Bill to extend the sunset clause for one or two years to allow further time to get that legislative reform through Parliament.

A month and a half has already passed since the minister announced that an inquiry would be held. It still has not been established, and the minister has said he would like this inquiry to complete its work and make its recommendations within 12 months. That process would take until the end of 2001. That would leave a five-month period for the minister to receive the recommendations, make a decision, consult the racing industry - we have already heard how diverse that industry can be - and have the legislation prepared, presented to Cabinet and passed through both Houses of Parliament. It will be impossible to meet the deadline of 31 July 2002, and I predict that a simple amendment Bill will be introduced to extend that sunset clause for one or two years. That may be in the best interests of all, and the Australian Democrats have no argument with that. We would look reasonably favourably on the sunset clause being extended to 2003, even the start of 2004. However, we would not like the minister to have access to the discretionary fund for an additional two years. The minister said that it is very much a short-term solution, and I will come to the transitional requirements when we get to that part of the Bill.

It is a bad enough situation that all this money will be allocated in the next few months prior to the election. Even though the minister may have the best of intentions, it does not paint a good picture in the eyes of the general electorate. We want to avoid the situation being repeated prior to the 2004-05 election. This amendment proposes a two-year period for the discretionary fund, and will allow for an extension of the sunset clause for an extra year or two without giving the minister ongoing access to that discretionary fund. Even though it relates to a new sunset clause proposed by the Government, it is probably important to point out that it is very much agreed that we do not want to retain the existing legislation. In two years, when the ratios will have changed significantly against the thoroughbred and standardbred codes, there will be less of a desire within the racing industry to revert back to the existing split of funds. Therefore, I am sure that if a sunset clause is put in place, it will not be acted upon. Either there will be new legislation or the sunset clause will be extended for an extra period. I urge members to support my amendment for the sake of limiting the use of the discretionary amount by the minister in years beyond 31 July 2002.

Hon N.F. MOORE: I must confess that I am a bit confused about this. If we agree to this amendment, it will have no effect on the sunset clause. The sunset clause will come into effect at the end of the year commencing 1 August 2001.

Hon Norm Kelly: The sunset clause comes into effect in 2002.

Hon N.F. MOORE: It comes into effect on 31 July 2002, which is the end of the year beginning 1 August 2001, so what is the difference? The sunset clause states that it will come into effect on 31 July 2002, and the member's amendment has an additional set of words that say it will commence on 1 August 2001, as if that will in some way limit things. It will limit matters to that particular sunset clause, but it is the intention of the Government to have that sunset clause anyway. The member also said that we could just move an amendment to the sunset clause and change the date. While we are doing that, we may as well move an amendment to the clause he is now seeking to amend so that it reads “the racing years commencing on 1 August 2002”. If any member wants to overcome the sunset clause and he or she has the numbers in the Chamber, he or she will be able to change both these clauses, so it does not make any difference. Quite frankly, I do not know what the member is going on about.

I refer to all the other matters regarding the minister spending money before the election. There are many occasions on which ministers spend money on all sorts of things.

Hon N.D. Griffiths: Money needs to be spent in the very near future.

Hon N.F. MOORE: I agree. The money should have been spent six months ago.

Hon N.D. Griffiths: That is why we are supporting the passage of this legislation.

Hon N.F. MOORE: I am grateful for that. I just hope we can do it expeditiously.

Hon N.D. Griffiths: It is being dealt with expeditiously.

Hon N.F. MOORE: I am trying to argue the case that the quicker this legislation gets through, the quicker the money will be spent on areas in most need.

Hon N.D. Griffiths: I think you have the numbers.

Hon N.F. MOORE: Yes, I know that, but occasionally one must explain things.

Hon J.A. Scott: If it makes no difference, we may as well do it, say yes and get it through.

Hon N.F. MOORE: I do not know why the member has moved this amendment. It is unnecessary.

Hon NORM KELLY: I have moved the amendment because I anticipate that an amendment Bill will be needed to extend the sunset clause. The Government of the day could simply put forward an amendment Bill extending the sunset clause from 2002 to 2004. If my amendment is successful, the minister would also have to put a provision in that amendment Bill to extend this clause for a couple of years. I want to make sure that it is clear that the minister of the day must show that he wants to keep his hands on that discretionary fund for another couple of years, and it is more than simply needing extra time to bring in new legislation. If the minister wants to vote against this amendment, it is probably because he wants to keep ministerial hands on a discretionary fund for a longer period.

Hon Kim Chance: You are not very trusting, are you?

Hon NORM KELLY: It is because of experience in the past few years. I asked for advice on the drafting of this amendment, and I was told this was the best way. I realise any part of this, including the extension of the repeal clause, could be changed by future legislation. There might be good arguments for such an extension. However, the minister of the day should be required to argue why the life of the discretionary funds should also be extended.

Hon N.F. MOORE: If a future minister wanted to extend the date on the sunset clause, he must bring legislation to Parliament. In that case, he would also need to change the date in the clause the member is seeking to amend. He would be required to amend two dates instead of one.

Hon Norm Kelly: He would have to argue his reasons for it.

Hon N.F. MOORE: He would have to argue them anyway. If he argued for an extension to the sunset clause, he would have to argue why he wants to keep spending the money. The member's argument contains a certain irony: He says there will not be enough time between now and 2002 to put in place new legislation; yet I want the sunset clause to take effect in 2002 so that the minister of the day is under some pressure to fix the legislation once and for all. This legislation is a needle to make sure a solution is found. If not, the minister of the day must bring legislation into Parliament to extend the sunset clause.

Hon Norm Kelly: This amendment does not replace the needle.

Hon N.F. MOORE: The member's amendment is unnecessary.

Amendment put and negatived.

Clause put and passed.

Clause 7: Transitional -

Hon N.F. MOORE: I move -

Page 6, line 28 - To delete "the amending" and insert "this".

This is a further minor amendment relating to the sunset clause.

Amendment put and passed.

Hon NORM KELLY: I continue my earlier point about the transitional provisions. The minister is proposing that \$1.5m be drawn from the TAB's reserve accounts so that the anticipated profits additional to the \$50m can be realised immediately. The Australian Democrats do not have a problem with that. It would be far better for that money to be allocated, as it will be repaid when the TAB regenerates its profits during this year. What is the total amount of the reserve accounts, and will the minister give an undertaking that regulations will not allow more than \$1.5m to be drawn from the reserve accounts?

Hon N.F. MOORE: It is intended that the amount be \$1.5m, and that will be prescribed in the regulations. I do not intend to exceed that. At 31 July, the capital reserve account contained \$8.3m; the asset replacement reserve, \$8.8m; and the general reserve, \$1.3m. There was a time when the TAB did not have any reserves. It was managed in such a way that every cent was taken to run the racing industries. It is to Hon Max Evans' credit that he introduced commerciality into the TAB and that it now has some reserves. If the TAB is to remain as a

separate entity, it will need money to upgrade its computer equipment, which is a significant expense. Money is now in the reserves to do that. Sufficient funds are in the accounts to cover the matters raised in the legislation.

Hon NORM KELLY: As the Australian Labor Party opposed my previous amendment, it must also be in favour of maintaining a ministerial slush fund, probably in anticipation of its being in government in future years. I understand that is its traditional way of looking at things.

Hon Kim Chance: Do you mean you don't even trust us?

Hon NORM KELLY: It is the attitude of certain members of the Australian Labor Party.

The transitional provisions highlight some of the problems with delegated legislation. Before these regulations are in place - this is not a criticism of what the minister is doing; it is a comment on the way the system works - they will have been gazetted and Parliament will have been prorogued before they can be tabled in Parliament. If a member wanted to radically change the current proposal, there would be no opportunity to move a disallowance motion until March or April next year. In the meantime, the minister would have been able to utilise those reserve account funds. I do not expect that to happen, but I make the point concerning delegated legislation in a general sense rather than on this Bill.

Hon N.D. GRIFFITHS: I had not intended to speak, but the member's silly comment about the ALP endorsing ministerial slush funds is simply that. If the member had kindly listened to the second reading debate, he would have noted that the Labor Party supported the Bill with reluctance and the reasons for that were then stated. In future, I hope the member listens and stops playing his silly games.

Hon N.F. MOORE: I hate it when friends fall out over these matters. I totally resent and reject any suggestion of slush funds. That emotive language is totally inappropriate. If Hon Norm Kelly wants to publicly tell the country racing people that he thinks this is a slush fund, that is fine, because when those clubs survive as a result of this action, I have no doubt that the member will seek to advise them that he supported this legislation. If the member wants to sit in on the deliberations, he should give me a yell. The deliberations are all about getting advice from the associations that are in trouble and asking them how the Government can get them over this hump in the immediate future. This coming summer racing season is the immediate problem which must be sorted out now. If the member thinks it is a slush fund and says it is, that is fine by me because his percentage of the vote will go down in those areas. It is not a slush fund; it is a genuine attempt to fix a problem.

Hon N.D. Griffiths: The Leader of the House should take Hon Norm Kelly out of the photo.

Hon N.F. MOORE: He is definitely not in the photo now! That is a fair and reasonable action to take. As far as the delegated legislation is concerned, I cannot help the way the Parliament operates. The approach of the end of a parliamentary session should not mean that the Government does nothing. Should I let these racing clubs collapse because an election is due? The member may want to keep Parliament going forever, but under the Constitution it must be prorogued. It is not a slush fund but a genuine attempt to fix some serious problems in the racing and trotting industries.

Hon NORM KELLY: I would appreciate it if the minister read the daily *Hansard* tomorrow. He would realise that in every instance I referred to the Government's use of this fund, I referred to the minister's discretionary fund and use of the amount. The only time I referred to a slush fund was when I referred to the ALP as a future Government possibly utilising these funds.

Clause, as amended, put and passed.

New clause 8 -

Hon N.F. MOORE: I move -

Page 7, after line 19 - To insert the following new clause -

8. Expiry of this Act

- (1) This Act expires at the end of 31 July 2002.
- (2) Without limiting section 37 of the *Interpretation Act 1984*, the expiry of this Act does not affect any payment made or to be made as a consequence of the *Totalisator Agency Board Betting Act 1960* as modified by this Act.

This amendment is to insert the sunset clause under which the Act will expire on 31 July 2002.

New clause put and passed.

Title -

Hon N.F. MOORE: I move -

Page 1 - To delete the long title and insert instead -

An Act to provide that the *Totalisator Agency Board Betting Act 1960* has a modified operation until 31 July 2002, and for related purposes.

This relates to the way the Government seeks to insert the sunset clause.

Amendment put and passed.

Title, as amended, put and passed.

Postponed clause 1: Short title -

Hon N.F. MOORE: I move -

Page 1 - To delete "*Amendment*" and insert instead -

(Modification of Operation)

The amendment also relates to the sunset clause.

Amendment put and passed.

Postponed clause, as amended, put and passed.

Bill reported, with amendments, and an amendment to the title.