

Ms Diana Warnock; Mr Arthur Marshall; Mr Hendy Cowan; Mr Fred Riebeling; Mr John Bradshaw; Mr John Kobelke; Mr Ernest Bridge; Mr Mark McGowan; Mr Fred Tubby; Acting Speaker; Ms Megan Anwyll; Mr Max Trenorden

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**TOTALISATOR AGENCY BOARD BETTING (MODIFICATION OF OPERATION) AMENDMENT  
BILL 2000**

*Second Reading*

Resumed from 15 November.

**MS WARNOCK** (Perth) [8.57 pm]: The Opposition supports this Bill, albeit reluctantly, because it will assist country and provincial racing. However, it notes that, among others, both the Western Australian Turf Club and the Western Australian Trotting Association oppose the Bill. The Opposition believes that a great deal more could and should be done to assist the racing industry in Western Australia. The goods and services tax is having a devastating effect on the industry, as many said it would. It is estimated that it will cost the industry approximately \$10m a year. I have been told that that was an unexpected and unpleasant surprise for people in the industry. Labor's recent policy announcement made it absolutely clear that a Labor Government would cut the turnover tax on the Totalisator Agency Board from 5 per cent to 4.5 per cent, which would provide an additional \$4m a year for the three racing codes.

I note that this Bill is an interim measure. The Labor Party and the Government have made a commitment to a comprehensive review of all aspects of the industry, including an examination of the impact of the GST and the relationship between the three codes and the TAB. The Opposition supports a review of the racing industry because it believes it is an important industry in Western Australia. It is clear to the Opposition, as it is to most people, that it is a troubled industry, and one that has undergone dramatic change in recent years. This review will hopefully provide a blueprint for the future of the racing and gaming industry. In the meantime, this House is faced with this Bill, which, while imperfect, provides some assistance to country and provincial racing. I emphasise that this is the main reason for supporting the Bill.

I now provide some figures on the racing industry. I refer to various documents provided to me by the industry and containing interesting information. For example, the income of the WA Trotting Association was approximately \$11m for the year ending 31 August 2000, of which \$1.5m was distributed to the Fremantle Trotting Club and \$3m for country Totalisator Agency Boards. Alas, some other figures I had with me have deserted me.

The Bill will regulate the distribution of the first \$50m of the TAB's annual profit by prescribing that 55.26 per cent will go to the WA Turf Club, 29.76 per cent to the WA Trotting Association, and 14.98 per cent to the WA Greyhound Racing Authority. Profits in excess of \$50m will be distributed to groups set out in the legislation and will be subject to ministerial direction. I draw the attention of the House to this change from the present situation, which is a distribution of 65 per cent to the racing industry and 35 per cent to the trotting industry, with a separate arrangement for the greyhound racing industry. This ratio in the past has been 60:40, and 62:38 on occasions, for the racing and trotting codes, as has been discussed frequently in this House.

The capping of funds, no incentive for growth and the proposed ministerial direction are not good initiatives. As I said earlier, members of the sector are not happy with the Bill. They made this clear to the Labor Party's representative in the other place, who has done some serious work on this Bill. The Greyhound Racing Authority, to use an example outlined by my colleague in the other place, has said that capping the distribution at 1999-2000 racing year levels is not desirable for any code as it limits the main income stream and does not apply an incentive to grow. The Opposition agrees with that view. The Greyhound Racing Authority states that any indefinite capping in the longer term may prove to be catastrophic for the industry.

The legislation is controversial in the racing, pacing and chasing industries. Everybody connected with the industry would agree that changes are needed. At various times the industry has been far more successful than it is currently at attracting people to courses around the State. The industry is plagued by an enormous amount of competition from other gambling sectors. These issues need to be discussed thoroughly. Therefore, the Opposition, like the Government, supports conducting a thorough review of the racing and gaming industry. It is necessary to discuss what changes are needed. How can we keep the industry viable in a competitive world when people are leaving the industry in numbers because of a lack of rewards? We believe we can do better for the industry so that it remains viable in Western Australia. The Opposition, if elected to government, will conduct a vigorous and probing review of the industry.

The Bill is handled in this place by the Deputy Premier, and I hope he can indicate whether it contains a sunset clause.

Mr Cowan: It is in clause 8.

Ms WARNOCK: I support that provision. This Bill is an interim measure.

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I thank all associated with this portfolio for the assistance they provided to me when I was responsible for it for a couple of years. I enjoyed the company of all players, and I appreciated the assistance of high-quality professionals like Barry Sargeant, the Executive Director of the Office of Racing, Gaming and Liquor. I am concerned about this industry at a personal level. My family has been involved with it for something like a century. The Labor Party appreciates the contribution of the industry to employment in Western Australia; therefore, it wants to see a viable racing industry. We want to adopt the best options to make the industry viable in a competitive environment, which did not exist about 20 years ago. The Government and the Opposition want to see the best options pursued for the health of this very important industry in Western Australia. The Opposition supports the Bill, but we can do better. This measure will assist the country and regional racing industry, and we hope that in government the Labor Party, with the assistance of a serious review of the industry, will find better ways of assisting the industry to continue in a healthy and vigorous manner.

**MR MARSHALL** (Dawesville - Parliamentary Secretary) [9.08 pm]: I support the modifications to be made to the Totalisator Agency Board Betting Act as they will ensure financial stability to the three racing codes while the proposed racing review is undertaken. Racing in Western Australia, whether the gallops, trots or greyhounds, is in need of review. Over the last 20 years I have owned gallopers, trotters and greyhounds.

Mr Cowan: Some are still coming in!

Mr MARSHALL: I got rid of them all. I want the position of Parliamentary Secretary to the Minister for Racing and Gaming after the forthcoming election. No interjections from the penny pinchers opposite please. I know many people in the industry, and I know there is unrest in the industry. The trainers are not happy, the owners are slipping away and the bookmakers need better conditions. Although the goods and services tax is being blamed for industry deterioration, it has had only a 2 per cent impact. The codes need to be more progressive in looking after their sections of the industry.

In the past few months, since Hon Norman Moore has been the Minister for Racing and Gaming, many representatives of the three codes have come to me with their concerns about the industry. Regardless of whether those concerns are true or false, I would like to share some of them with the House. Along with the deterioration in the glamour of racing, the number of bookmakers has deteriorated considerably. The bookmakers have all but gone from the trotting industry. Four years ago there were 25 bookmakers, but now there are about three. In the galloping industry, numbers have dropped by about 33 per cent. Why has this section of racing deteriorated? It has the excitement of knowing a price and of dealing with people rather than machines. Why is the industry not looking after that area? Some say that the fees to stand are too high while others say that the betting tax is too high. From a personal point of view, I know that the \$100 telephone betting limit should be dropped to zero instead of being adjusted to \$50 or \$80. The average Joe Blow cannot afford to ring up and place a bet of \$80, but he can get a starting price if he wants to at \$10 each way or something similar. It is said that the bookmakers are not encouraged at the races is reflected by the fact that the food stalls around them are second-rate. It is also said that if the Western Australian Turf Club wanted to get some money to help the bookmakers, instead of having eight races, each with a winning stake of \$25 000 to \$30 000, it could bring in all the horses from the provincial areas and have a graduation race each week to a value of, say, \$10 000. That would make the situation more open for the bookmakers. Punters who use computerised betting are good judges and it is hard for bookmakers to stand and win. If there were a graduation event in which the best horses from provincial areas were entered, betting would be more open, more members of the public would invest and more betting tax would be returned to the Turf Club. The punters might not be as successful and the bookmakers might win. All these things have been mentioned to me and they all need consideration. I am sure they will come up in the review.

The weight of jockeys is becoming an issue because most of them are getting heavier. It is hard to find a lightweight jockey who will ride a horse. Indeed, it is hard to find a lightweight jockey who is a horseman. It is claimed that the apprenticeship school is not doing enough for the young jockeys of Western Australia. Some members of the community have called for an academy for jockeys in this State and that is to be discussed. The number of horse owners is dwindling, so that is an area that needs to be promoted. As a former owner, I do not believe that the Turf Club looks after the owners, but they keep racing going. The breeders produce the horses and the owners buy them and from that point the industry is on its way with trainers, jockeys and all the services that are needed. Without owners, the whole industry will dwindle. Owners are not being looked after, they are not being promoted and they are not being hosted in the VIP committee room. It is resulting in disenchantment among owners.

Mr Cowan: I am sure that the member is a good host.

Mr MARSHALL: I am talking about average syndicate owners.

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Provincial racing is the home and the success of racing, but provincial stakes are down. They must be increased. If the stakes are increased, breeders will have the incentive to breed more horses and owners will buy them knowing that they may be profitable investments. These things must be investigated. New blood must be injected into galloping. All the older people who believed in the daring and excitement of racing are dwindling away; they are retiring and dying. Younger people are not being encouraged to take over. The trotting industry is in the same situation. Why did Fred Kersley, whose name is synonymous with trotting and who is part of a dynasty that includes a grandfather, father and son, suddenly retire from training? The records of the past 25 years show that he was the leading trainer for a large part of that time. Why did he suddenly retire? The member for Kimberley is a great friend of Fred Kersley - he has kept horses with Fred Kersley. If the member speaks later he may be able to answer the question. As far as I am concerned Fred Kersley epitomises trotting and pacing, yet he retired from the game about two months ago. With respect to trotting, there is concern as to why the level of TCO<sub>2</sub> testing is not standard throughout Australia. Why does every State have its own form of analysis and its own standard of testing? That is another reason that people are dropping out and becoming disenchanted with pacing in Western Australia. The review is needed. Should Gloucester Park stay as it is or should it be relocated? Questions of this nature will crop up in the review, which will also need to determine what sort of new marketing is required to encourage people to go to the trots.

Greyhound racing is in the same position. There is plenty of betting and turnover and lots of people are buying greyhounds, but the stakes are too low as are attendances. Members can understand why there is a need for the review to take place. Racing plays a huge role in employing many Western Australians. At the races an attendant is employed to park cars; a person is employed to provide change at the entrance and someone is employed to sell programs. The programs and the bookmaker's tickets are printed by a printing company; the jockeys' silks and whips have to be made; the horses have to be fed and carted in floats which must be made, maintained and licensed and so on.

The effects of the racing industry can be compared to dropping a pebble into the centre of a pond from which the ripples expand outwards. The racing industry is important to many people in this State and that must not be underestimated. This Government must look after the industry. That is why I am pleased the minister has adopted these amendments, which will ensure the annual distribution of the first \$50m in TAB profits among the codes will be as follows: 55.26 per cent to the Western Australian Turf Club; 29.76 per cent to the Western Australian Trotting Association; and 14.98 per cent to the Western Australian Greyhound Racing Association. These percentages are no less than the industry received in the 1999-2000 financial year. By guaranteeing that there will be no reduction in dividends, it will ensure sound budgeting and planning by the code administrators. That is the challenge: When the budget is known, if the industry is any good it should be able to manage on it. The amended Bill will allow the minister of the day to assist any section of the codes with TAB profits that exceed the initial \$50m. I know this is a contentious issue with racing and trotting officials, but it can be argued that the dividend distribution to the codes can get lost in administration and not get to the provincial racing centres. All the codes rely on provincial racing. Only the top horses get to the main metropolitan events. All the other people go through their maiden races and initial training starts with horses that are pretty good, but they cannot be confidently backed because they are not up to the class.

People will travel to Bunbury, Esperance and Pinjarra to watch their horses race if they are promised some excitement. They want to see their colours on the horses. The Government must look after provincial racing. Any distribution of money over and above the initial \$50m will be assured by this amended Bill. If there is a surplus, it will be the minister's responsibility to ensure that all areas of racing are assisted. It must be remembered that the changes are an interim measure while the racing review is being completed. That will take around 20 months. People are becoming alarmed and asking what the minister is doing and whether he is taking profits from them. He is setting a mean in that 20-month review period so he can then reanalyse the situation. He is new to the game; he is the new Minister for Racing and Gaming. I believe that for a person who has never owned a racehorse and never been involved in the industry, he is showing fantastic judgment in this area. There is unrest out there. We must solve it, get a plateau of what everybody wants and then start analysing what proper distributions and percentages should go to the various codes. The recommendations from the racing review will play a big part in where the industry is headed. In the meantime, the codes are guaranteed stability with their TAB contributions. Never before have I known a section of the gambling industry to have stability for 20 months; that is, knowing its income, and being able to budget, conduct promotions and improve its marketing and the sport. The minister has done a wonderful job. I am sure that racing will benefit from this legislation, and I support the modification to the Act.

**MR RIEBELING** (Burrup) [9.21 pm]: I do not want to hold up the House for long on this legislation, but the member for Dawesville prompted me to make a contribution. I have never before heard a member of Parliament

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crying about the horrible situation in which bookies find themselves because punters are getting it too good. For the first time in this House I have heard about the terrible situation in which bookies find themselves.

Mr Bradshaw: The fact is that there are very few bookmakers left now.

Mr RIEBELING: Far more punters than bookies are in strife. We have heard that jockeys are getting too heavy and that owners are having a bad time. All in all, an industry that is based to a large extent around the member's electorate is, in fact, not in very good shape. Then we heard that the new, terrific Minister for Racing and Gaming - a minister from my area, the mining and pastoral area - in whom the member for Dawesville has a huge amount of faith, has responsibility for an industry about which he knows absolutely nothing. He was a teacher and he was a disaster as the Minister for Education. In fact, he did not last very long in that portfolio. The member for Dawesville is exceptionally happy to have the guarantee that a fixed percentage of income will go to various sections of the industry.

Mr Kobelke: He might be working on the basis that as the minister knows so little about it, it might take him longer to be a disaster.

Mr RIEBELING: That could be right. The Deputy Premier indicated in his second reading speech that these changes were not dramatic ones. Percentages of the Totalisator Agency Board income have been in place for years - since, I think, 1960. I am not quite sure when it started. This is not something new. What is new, as I understand this legislation, is that amounts over \$50m are distributed at the discretion of the minister. The people on that side of the House may get a warm, fuzzy feeling that Hon Norman Moore in the other place will have the huge responsibility of distributing in excess of \$50m to the correct parts of the industry. The industry is very concerned about that, and so it should be, because, to my knowledge, the minister has not displayed any great ability to act even-handedly in anything he has ever touched. The industry in the outer metropolitan area, which distributes in excess of 100 per cent of the money that is allocated to it - that is, the area called racing clubs registered to conduct racing outside the metropolitan area, as referred to in the minister's second reading speech - puts more into the industry than the TAB gives it. The Perth-based turf clubs and trotting associations put back less than that which is given to them through the TAB via prize money and incentives. Those places that get the least amount from the TAB put a larger percentage of their income back into the industry to make it more viable for people participating in the actual sport of racing.

Outer metropolitan and regional race clubs - real regional, not Pinjarra and places that are so close to the metropolitan area that it takes about 15 minutes to get there; I am talking about the Roebourne, Port Hedland and Carnarvon race clubs - are battling for some sort of equity in the distribution of moneys that come from the TAB. They are not confident in any way, shape or form that this minister has the ability, the knowledge or the will to come up with a proper, transparent system, other than the minister's discretion, on how to distribute in excess of \$50m.

As I said, the industry quite rightly should be concerned. We heard that the member for Dawesville is very happy, but I think he is probably the only one. He is probably happy because he sold his horses. He told us that. I do not know why he is holding out for some job in the future Government, because it will be at least eight or nine years before this Government even has a chance of getting back into office after the next election.

This legislation and this industry need review from time to time. One of the worst solutions that could be suggested as a possible benefit to the community would be to give a minister discretion over an amount of money is to be distributed. Perhaps the Deputy Premier can enlighten me about the normal distribution of \$50m over the past five years. How much money was involved in that discretion? I do not know whether he can answer by way of interjection.

Mr Cowan: If I had the answer, I would give it to you.

Mr RIEBELING: Are we talking lots of money?

Mr Cowan: No, we are not.

Mr RIEBELING: That is about the limit.

Mr Cowan: I will cover that in my response. The anticipated amount that would be distributed under the legislation would be a maximum of about \$1.5m.

Mr RIEBELING: Perhaps the industry will heave a sigh of relief knowing that Hon Norman Moore might have discretion over only a relatively small amount of money. I have great concerns about the ability of the minister

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who now has responsibility for this portfolio. I am sure that in the not too distant future this House will share that concern.

**MR BRIDGE** (Kimberley) [9.28 pm]: This is an important piece of legislation, in the sense that it deals with a very important industry. It must be understood that many thousands of people have some attachment to the activities of the codes that make up the industry, be they the races, the trots or the greyhounds. It is fair to say that we have not got it right, even though we tried for a number of years to arrive at a formula that would give security and purpose to the racing industry and the way in which it has wanted to develop. We tried to work on a formula when I was in the cabinet ranks. The path that has since been followed has not balanced it that well. I hope the review that is now in place will have regard for that issue and, above all things, be prepared to rely heavily upon the input of people from within the industry who have practical experience. These people should be included in the committee's deliberations, findings and recommendations. One of the great problems with review committees of recent years is that the Government has not always had the desire to appoint people to them who have practical experience. It has often turned to professionals - accountants, bank officials and others - who may be good at their trade, but who do not have a practical appreciation of the rudiments of industries such as the horseracing and greyhound industries. I hope that area is not neglected by this review. I urge the Government to be mindful of that area above all other areas and to commit to ensuring that such people are appointed. At the end of this review, we must be satisfied that practical people from within the industry were given a fair opportunity to have an input and to influence, as much as possible, the way in which the review committee reports to the Government. Only then will we have a chance of getting things right.

A classic illustration of where things have gone wrong at the administration level is the case of Fred Kersley. He has become so disillusioned with the general administration, with some of the administrative decisions and with what he sees as the employment of inappropriate formulas and methods, that he has chosen to discontinue training. It is sad and frightening when quality people like Fred Kersley make that decision. No industry should ever be put into a position in which that sort of person finds it necessary to contemplate leaving it or, at least, scaling back his involvement because he is not satisfied with or prepared to be a part of certain decisions and processes.

The formula contained within this legislation is an interim measure, for which there are arguments for and against that, as we have heard tonight. I will not concentrate on that issue. Instead, I ask the Deputy Premier to convey to the Minister for Racing and Gaming the significance of the review committee. We simply have not got these issues right. We have been tinkering around the edges for eight or 10 years. Although much of the intent was good, we have not got it right, which is why there is uncertainty today. We must work hard to remove that uncertainty because these are good industries that cater for thousands of people in varying degrees of involvement. Those people need to be sustained, because many of them cannot go elsewhere. They have been reared in that industry and that environment. They do not have the choice to simply leave the industry and go into other careers or areas of activity. It is their livelihood, their lifeblood. As a Government and as politicians, we should not underestimate the enormous value of the codes that make up the racing industry in this State. Given that a review is now in place, we should do all we can to ensure that the outcomes of that review and the administrative steps that follow are what are best for the industry. Only then will we put stability back into the industry and give confidence to all sectors by putting them back on the footings on which they once belonged. It does not matter whether the racing, trotting or greyhound meetings take place in rural areas or the city; their existence is justified. The codes bring enjoyment and many other good things to the areas in which they operate. Collectively, they are an important part of the community and play a critical role in the lives of those people who are part of the industry.

I hope this interim measure, through the distribution formula, meets the immediate need of sustaining the industry. Most importantly, I hope that the review comes up with the right answers, and that industry officials - not only the Government - undertake to get their house in order and ensure that the once-important racing code is restored to that position, which will bring with it the sustainability and confidence it once felt.

**MR BRADSHAW** (Murray-Wellington - Parliamentary Secretary) [9.37 pm]: There are two trotting clubs and one racing club in my electorate. Racing is an important industry for the whole of Australia, and employs many people from all walks of life. As the member for Dawesville pointed out, it provides employment for horse owners, strappers, jockeys and trainers.

Mr Cowan: Did you back Brew in the Melbourne Cup?

Mr BRADSHAW: No, although I backed the horse that came second. Feed merchants and farriers also play a role. It is an enormous industry, but it is extremely underestimated.

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Mr McGowan: Can you think of any other occupations, such as transport operators?

Mr BRADSHAW: Yes, there are transport operators, and people who sell the fuel to put in the cars.

Mr Tubby: The people who muck out the stables.

The ACTING SPEAKER (Ms Anwyl): I was thinking of the accountants who apply the goods and services tax to it all.

Mr BRADSHAW: The pacing, racing and greyhound industries are huge. Unfortunately they have experienced a flat period. The problem is that the world and attitudes are changing. It is true that the older generation frequents the trots and the greyhounds. The younger generations are not following through and getting involved with owning, training and all those things. The review is important. I am not sure anyone can pull a rabbit out of the hat to find out what must be done to improve the future of these industries. However, those matters must be considered. It would be extremely difficult to pull a rabbit out of the hat in this case, but we should try it.

There has been a change in attitude. I remember when I first went to Harvey in 1968 where the trotting track was a local recreation ground. It was popular and there were always many people at the race meetings. My brother eventually became the president of the Harvey Trotting Club. He was innovative and used to give away a refrigerator or washing machine, which many people used to try to win. The Harvey club was vibrant for many years. Eventually the track was moved a few kilometres up the road to a better track. The old track at Harvey was dangerous. Horses would fall every night they raced because it was a tight and dangerous track. The drink driving laws seem to have made a difference to people's attitudes. In the old days, the bar would always be vibrant and alive, but these days the atmosphere in the bar is as dead as a dodo. I am not saying that the drink driving laws are the sole reason the industry has changed, but they have played a part.

I was concerned when the Minister for Racing and Gaming announced that he would cap the funding to \$50m and leave the distribution of the rest of the money to the minister's discretion. I am always concerned when the distribution of funds is at the discretion of somebody. It was unfair of the member for Burrup to be critical of the minister.

Mr Kobelke: Everyone else was critical.

Mr BRADSHAW: No they were not. The minister realises problems exist in the country trotting and racing industries. It is important to make sure that measures are taken to make country clubs vibrant, alive and viable if possible. I was initially wary of the legislation and did not support it. When I found out how it would be administered and that it would be for only a limited time I was not so worried. It is important to fix those percentages so that they do not get out of proportion as they would have done had this legislation not been before us today.

I have reservations about establishing a commission for racing, trotting and greyhounds which takes the overall control out of the hands of the racing and trotting industries. The best people to run those industries are the people involved in them who have their hearts in the industries and who will do what they believe to be the right thing. Over the past 15 to 20 years country people involved in the industries have criticised the fact that controls are imposed from the city. Although I believe that the WATC and WATA should be the parent bodies that oversee the industry, there is a feeling that the people involved on those committees in each of those industries tend to look after themselves and whatever is left over goes to the country. The representatives of the WATC or the WATA would say that that is not correct. Living in the country, one hears those criticisms. The people on the committee of the WATA and the WATC are there to represent Gloucester Park, Belmont Park and so on. Maybe the review will recommend that a commission be established, and, despite my reservations, it may be in the best interests of the industry because it needs a jolt to get it going again.

I took exception to the comment of the member for Burrup that all bookmakers are successful. Bookmakers are a disappearing breed because they are not making money, otherwise they would be at the meetings in great numbers. In the old days, Harvey and Pinjarra had six to eight bookmakers; now they would be lucky if one bookmaker turned up to a meeting. Things have changed dramatically.

I support the legislation. It is important to try to make the racing industry more vibrant and alive. I am pessimistic because I believe that will be extremely difficult to achieve. The industry, like many other things in society, has changed. People's ideas of entertainment are changing. Unless there is a way to attract people back to the industry, it will struggle. It is important to give it a boost and make sure that it survives because it is a great industry. It is a great spectacle which creates much employment and generates a lot of turnover in businesses throughout Australia. I support this legislation.

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**MR TRENORDEN** (Avon) [9.45 pm]: I have had the good fortune of being on the Public Accounts Committee for some time, and was involved some years ago in a review into the Totalisator Agency Board. A critical issue which has been lost in this debate is that the funds spent by the dogs, trots and gallops industries are public funds; they do not belong to the racing industry. They are created under a statute and are administered by public servants, therefore, they are public funds. That finding was made in a public accounts report some eight years ago.

Who else in this State gets tens of millions of dollars of public funds without the requirement of performance criteria? Nobody. Yet the Western Australian Turf Club believes it is its right to be in that privileged position. Change has occurred in Queensland, New Zealand, South Australia, and New South Wales. It is critical that the principal club be removed from the industry. There is a strong vested interest in being the principal club and being the manager of the industry. The Act that covers the WATC is over 100 years old and gives the WATC the role of principal club, but it also gives it the role of running Ascot and Belmont Park. That is no different from running Geraldton, Harvey, Bunbury, Northam or wherever. The WATC still runs a race track. There is a strong vested interest in being on the committee which makes not only decisions about Belmont and Ascot, but also decisions that affect the industry.

The performance of the WATC has been outstandingly poor. For decades it has been an ordinary organisation. It makes decisions that benefit Belmont and Ascot but it does not make decisions that suit the industry. I challenge any member who looks over the history to debate that statement; it is almost indisputable, and has not changed. The debate from the WATC now is the same old story. Over the past few decades principally the owners and trainers have sat on the committee of the WATC. They have a strong vested interest in having either the right people in the winning circle or in being in the winning circle themselves. There is a famous story from five or six years ago in which the Geraldton Race Club got into serious trouble with the WATC because it dared to set a late entry into the Geraldton Cup. The chairman's horse was nominated late and was entered into the field. Some weeks later the WATC did precisely that. The chairman of the Turf Club had the club vote for his horse to be entered in the field of a group 1 race worth hundreds of thousands of dollars. It duly won the race and he collected the winner's cheque. That is why the racing industry is in dire trouble right now. We have not had a debate about the racing industry for some time, but a few years ago this House released \$12m into the racing circles. What good did that money do for the racing industry? It has gone. The Turf Club has regularly spent more money than it has been allocated by way of income. The result is that pressure has been on to prune country clubs for the silk of the metropolitan clubs - Ascot and Belmont - and that is not acceptable.

I really enjoy the industry. I do not believe we should pander to the vested interests. I am part-owner of a horse - and a few other members in this place own horses - which has the proud record of 16 starts with no wins, no seconds and no thirds. I am in the syndicate because I have good friends who have talked me into it. It costs me a few dollars and I will certainly not make money out of the nag I part own.

Mr McGowan: Is the problem that you are the jockey?

Mr TRENORDEN: That could be part of the problem! Not only that, but I also give advice to the trainer, so there is a double disincentive. Nevertheless, it is something I enjoy doing and I do not mind putting the money in knowing I will never get it back. My attitude is replicated hundreds of times throughout the racing and trotting industry. Without people like me there would be no industry. The enjoyment is not about winning the Melbourne Cup, the Perth Cup or the Railway Stakes; it is about participation in the industry. To some degree all the codes have been killing off the industry. I notice the Australian Labor Party is arguing that it will give \$5m to the racing codes. I will not support that for a moment.

Mr Kobelke: It was \$4m.

Mr TRENORDEN: That is equal to the cost of a new primary school, and I would prefer that primary school to be in my electorate; it is health money, which I would prefer to be allocated to a hospital in my electorate, rather than given to the racing codes without any performance criteria. If the racing codes were prepared to have a look at themselves and come up with a business plan or criteria that demonstrated they were major employers - the argument is that the racing industry is the third or fourth highest employer in that area, and a lot of country people are involved in it - I would have no objection to that \$5m going into the industry. However, I do not want it to go into the pockets of the few people with a vested interest. I do not want it to go to those people who are controlling the racing industry now; I want it to go to the codes.

A few years ago the Turf Club was asked to prepare a business plan. I do not know if anybody has read that business plan. I suggest members read it because it is straight out of a John Cleese movie - it is an absolute joke. The industry was brazen enough to put that business plan to the minister about a year ago and argue that it was a

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conscientious business plan. It was not. I will be happy to support the racing industry as soon as there is something to support.

The big argument is about the differential between codes and about the Totalisator Agency Board. The TAB has a responsibility to generate as much money as possible. Unquestionably at times it puts eastern states dogs, trots and gallops onto screens in front of Western Australian punters, but it does that to earn more money. If that is wrong it can be changed, and to a degree I think it is wrong. The greyhound racing industry collapsed some 15 or more years ago - the Cannington track was in serious trouble - and the State took over the greyhound racing. The Government introduced a Bill and the greyhound racing is now run by statute. All the earnings from the greyhound activities through the TAB go to the greyhound industry. Because they have more space on the TAB, they receive a bigger slice of the action, and that was not the intention.

New Zealanders pool all their racing money; they do not designate dog money for the dogs, trotting money for the trots and racing money for the races. The New Zealanders pay the money directly to the clubs on a performance basis, and not to the individual codes. I thought that should have happened in this State some years ago. That may not be the best system, but in WA there is major conflict between the greyhounds, the trots and the galloping codes. They are all part of the same industry, but huge brawls are taking place among them. That is totally unacceptable. My home town had one trotting meeting a year on the Wyalkatchem fair day, and it was covered by the TAB. The Turf Club - the gallopers - vetoed the TAB coverage of that meeting because trotters were racing and not gallopers. This was before the changes in the TAB. This type of competitiveness in the industry is self-destructive and that is part of the reason the industry is declining.

The constituency will tell members that the industry is corrupt - and they refer to Danny Hobby or Laurie Connell. I am sure a lot of people will not campaign strongly during this election and say they will support the Turf Club, the Trotting Association or the greyhounds, because they will get a handful of votes. People are not interested in the codes. The industry is important for this State and it should be run as an industry.

Bill Quin conducted an excellent review of only the gallopers, and everyone ignored the options and solutions he put forward. I will not argue with the member for Murray-Wellington because I think the codes should do their own thing, but they should move away from the principal club. It is an outrageous situation that it operates the club and runs the other codes with an unbelievably vested interest.

Mr Bradshaw interjected.

Mr TRENORDEN: I would like the industry itself to go that way. Somewhere along the line, whichever side wins the election, we may have to tell those codes that enough is enough, because they are getting \$40m of taxpayers' funds without any criteria for performance. Where else does that occur? As I said at the beginning of my address, it does not occur anywhere else. They could reduce the number of country clubs and introduce a whole range of measures that affect the industry without our being involved, even though it involves taxpayers' funds. That is totally unacceptable. It is time for the industry to have a good, hard look at itself. I am particularly critical of the Turf Club because it has refused to do that, even though the chairman of the Northam club was recently elected as a member of the Turf Club committee. I wish him the best; I am not throwing mud his way and I do not wish to pick on particular members of that committee; but I will argue that the performance of the committee of the Turf Club is outstandingly poor.

It is intolerable not only to members on both sides of this House, but also to those people who look to that leadership to sustain an industry and employment - things in which this House should be very interested. Though I feel sorry for greyhound racing, since it is involved in a debate not of its own making, an opportunity exists here to say with some force to the leaders of all codes that it is time they reviewed their operations, and made a few decisions to do things differently. If that does not happen, it is not the Western Australian Turf Club or the Western Australian Trotting Association that will be let down, but rather thousands of employees and others who survive off the racing industry. My electorate is a part of that, as it contains a major industry selling hay, chaff and oats to the racing industry. A sustainable racing industry, based on well thought-out processes, is a necessity. I will not argue about the need for a single authority over all codes, or for individual controlling bodies for each code, but I do think all options should be considered.

Country race clubs are falling like flies. Codes represented in my electorate come to me constantly complaining of pressure from the controlling principal clubs. They behave like Josef Stalin in the methods they use to deal with the individual clubs, and it is time for intervention. I support what the minister has done, and I also accept that it is an interim measure that gives these codes an opportunity to have a very hard look at themselves. I put the principal clubs on notice that I will not back away, and if I am re-elected, whichever side of this chamber I land on, I will strongly challenge those clubs, particularly the Western Australian Turf Club, which take the



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lion's share of the funds, to give the leadership that any industry requires. This Bill gives breathing space to country clubs, and not just horse codes. I have been approached by the Avon Valley Greyhound Racing Association, which is really struggling to keep things together. I do not blame the Cannington management for that. The industry has a few problems. Balance is needed, along with the opportunity for all people to have some say. This Bill gives scope for the minister to peg the 10 per cent growth in greyhound racing, recognise the three per cent decline that will happen in trotting, and give the industry about a year's notice to do something for itself. I suggest that if the industry does not do that, people like me will be forced to do arbitrary things that it will not appreciate.

**MS ANWYL** (Kalgoorlie) [10.04 pm]: I ask members to realise the important benefits racing and trotting bring to country areas. In my own electorate, a vibrant racing industry is of huge importance. During the annual race round, up to 20 000 people visit the races. This message was given loudly and clearly to the Leader of the Opposition when he took the time to attend the races, twice during the round. He attended the Coolgardie Cup and the Kalgoorlie Cup, as well as the Ora Banda race day, which may not be held next year, which is a sad prospect. The message given to the Leader of the Opposition, both formally and informally, by a number of parties, is that extra assistance to country clubs is needed. I found it ironic that a very experienced man from Kalgoorlie-Boulder has been assigned the task of sorting out the problems experienced by the Geraldton racing club. I often see him deep in conversation with the member for Geraldton at the airport, and they are working hard to try to resolve some of those issues. Ian Loxton does a great job of heading the provincial racing body.

Mr Trenorden: The Western Australian Turf Club has treated your club very ordinarily over the years.

Ms ANWYL: I think it has, although I may not be as forthright in criticism as the member for Avon was a moment ago. My experience is more with trotting, since I am the patron of the Golden Mile Trotting Club; the former member for Kalgoorlie is still patron of the Kalgoorlie-Boulder Racing Club. During our race round, the stakes money was not forthcoming, which was really alarming, since Bunbury was given some metropolitan stake money. Members might also recall that Olympic ceremonies caused some difficulties with fixtures this year. It was also disappointing that members of the Western Australian Trotting Association did not attend the Kalgoorlie race round trotting meetings this year. Kalgoorlie has a dynamic trotting association at the moment, and these problems can be addressed. The Kalgoorlie association has got through these difficult times by hosting a large and successful New Year's Eve meeting. I am sure the Deputy Premier would enjoy, if he has not done so already, Vince Silvestro and the sulky, with the fireworks launched from it. That meeting keeps the club running for the whole year. This year we are looking forward to holding a summer carnival. The comments made by various government speakers about the recent announcement by the Leader of the Opposition that Labor would provide some relief from the goods and services tax for the various racing codes, are really interesting, because the Government is always accusing the Opposition of not having any policy. Then when the Opposition does release policy details, as it does weekly, either the Government copies that policy and claims it as its own, or the detail of the policy is criticised, as in this case.

The member for Avon said that country racing should not receive further assistance through government relief because he would like a new school in his electorate.

Mr Trenorden: This Bill will give country clubs that assistance.

Ms ANWYL: I am talking about the Opposition's pledge to provide relief from the goods and services tax. Representations made at a state-level by the relevant authorities were that there was a need for that relief. To that can be added the effect of the GST on the hike in fuel prices. Members would be aware that those involved in the racing industry do a lot of travelling -

Mr Trenorden: This Bill gives the minister the ability to do just that.

Ms ANWYL: It is clear, however, that the industry does not have any confidence in the minister. He is a new minister and may yet improve his performance, but some of the comments made by the member for Burrup were dead right - there is a huge lack of confidence in him.

The Opposition supports country racing. As member for Kalgoorlie, I am proud to be the patron of that community's trotting club and a member of the racing club. I enjoy attending those events on a regular basis.

**MR KOBELKE** (Nollamara) [10.11 pm]: Given the time and the number of speakers who preceded me, I will restrict my contribution to a few comments on the racing industry in Western Australia. Some 30 000 Western Australians are directly employed in the racing industry's three codes in Western Australia. Most members who have contributed to the debate have emphasised the importance of the racing industry to Western Australia, and particularly to rural Western Australia. It is not only a great employer, but also a great source of recreational enjoyment. To many people it is an integral part of their way of life. A decline in racing could make it difficult

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for people employed in the industry to gain employment in other areas. The State Government must ensure that the racing industry is run well. It is a vibrant industry and one that creates jobs and wealth in Western Australia.

The Opposition is pleased and fortunate in that it has Hon Nick Griffiths as its spokesperson on racing and gaming. He has taken up that portfolio with great vigour and has used his considerable intellectual ability to master its issues. He has brought forward policies that will try to help the racing industry out of its current dilemmas.

The industry is facing challenges, including those from other areas of gambling - the casino, competition between the codes, increased marketing by the Lotteries Commission, the opening of Internet gambling, a changing public attitude to the racing codes, and the dogs. On top of those challenges there is the disastrous effect of the implementation of the GST. It has been suggested that the GST is costing the racing industry in Western Australia approximately \$10m a year. That \$10m comes out of the industry. Clearly, the industry will go backwards and if it does, less tax will be collected from it. As a consequence, there will be less prize money and the industry will continue on its downward spiral. I am not saying that all the elements for a marked decline in turnover in the industry exist; however, there is a threat to the racing industry at the moment. A Government that wishes to maintain the industry and its jobs, and to see it grow, must act to ensure that the real challenges that currently confront the industry do not lead to a downward spiral in activity in any one, or all three, of the racing codes.

It has been explained to me that one of the big difficulties with the GST is its impact on a very important, although perhaps minor, part of the industry - people like the member for Avon who own horses for recreation. Those people do not receive GST credits. A lot of small players, who have a love of racing, may decide not to continue in a syndicate or will not buy a new horse because they are not running a business and do not get any offset from the GST. The cost of owning and racing a horse is much higher for those people, and many of them are leaving the industry. If that percentage of owners moves out of the industry, it will be another major factor that will put the viability and growth of the various racing codes in jeopardy.

Labor has suggested a cut from 5 per cent to 4.5 per cent, which goes to the codes. That would equate to about \$4m a year or \$16m over the four-year period, if there were no change in turnover. The member for Dawesville said there is great unrest in the industry, while the member for Avon said there are problems in the industry. Different people are making different diagnoses of the problems. However, if there is a decline in turnover, the State will lose more than the racing industry.

Mr Trenorden: How does the State lose more than the racing industry?

Mr KOBELKE: In taxes taken from the industry.

Mr Trenorden: The State gets less tax than the industry gets funds.

Mr KOBELKE: The industry gets a good return - I take the member for Avon's point on that.

Mr Trenorden: The industry gets a bigger slice than the State.

Mr KOBELKE: The point is that if there is a decline in the total turnover, the State will lose tax, as well as the racing industry. I am not suggesting that it is likely, but there is the potential, if there is a reduction in return to the industry, that a lot could be lost in state revenue. The Government has a vested interest in looking after the industry. For the member for Avon to say that it would mean one less school is nonsense. It means one less school if the turnover remains the same; however, if there is a real threat to the industry, the turnover will reduce and both the school and the industry will be lost. The Government must follow the example of the Opposition and take this matter seriously. The amount of unrest, whether it is warranted or not, means that the minister does not have the support of most sections of the industry.

Mr Trenorden: It has the support of rural industry.

Mr KOBELKE: The member for Avon has his view and I suspect there is some truth to it. However, I am not confident that the member has the whole picture. He is looking after country racing, which is an important part of the overall industry.

Ted van Heemst, chairman of the Western Australian Turf Club, wrote an open letter to members in the other place. The letter contained records that must be considered and discussed some of the problems and unrest mentioned by the member for Dawesville. In it, he states -

You will no doubt be somewhat taken back at receiving yet another epistle from the WATC, however having read some of the remarks made by former Minister for Racing and Gaming, the Honourable Max Evans, MLC under parliamentary privilege left me with little choice other than to set the record

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straight and inform our elected representatives with the facts. Whilst it may be standard parliamentary practice, I find it unsatisfactory to have my personal views misrepresented and the performance of my fellow Committee members and staff unjustly criticised without any substantive evidence.

Firstly let me say that contrary to what Mr Evans asserted I have consistently, both in private conversations and public statements, given the Government credit for supporting tax relief in December 1992, which reduced the tax on offcourse TAB turnover from 6% to 5% and allowed the codes to retain betting taxes collected oncourse.

At our recently conducted Annual General Meeting, I again reiterated these points and explained to members the need to give credit where it is due in order to provide a properly reasoned debate on the industry taxation issue. However, whilst we recognise these points and accept the fact that relative to most of our eastern states jurisdictions we are not taxed excessively, the fact remains that as an industry we do not have the ability to pay the level of tax we are burdened with, and I might add no other industry is asked to do so.

The reality of the situation is that the total commission income generated by the TAB for the 1999/2000 year was \$139.6 million and the Government turnover tax of \$40.6 million represents a tax rate of 29.1% on turnover, no industry can realistically be expected to prosper under such an unrealistic impost.

What I found rather offensive to everyone connected with the WATC was the comment directed at me personally that "he should try to promote his product rather than continually ask for more money from the Government".

Three years ago the Committee and Management endorsed my recommendation that we set ourselves a target to increase our operating revenue by \$1 million over a three year period from those sources associated with our own raceday and non raceday activities. Three years later the following has been achieved:

1. Sponsorship income has been increased from \$1,021,006 to \$1,435,268, an increase of \$414,262 or 40.6%.
2. Profit generated by our Food and Beverage Unit has increased from \$390,223 to \$800,568, an increase of \$410,345 or 105.2%.
3. Oncourse TAB income has increased from \$5,470,687 to \$5,934,640 i.e. \$463,954 or 8.5%.

During the period the Club's long term borrowings were reduced from \$3.169 million to \$1 million and had it not been for the adverse timing issues created by the introduction of GST, the bank overdraft of \$1.880 million would have been reduced to somewhere in the vicinity of \$500,000.

Finally, stakes and subsidies paid to industry stakeholders have increased by \$1,529,583 from \$16,693,347 to \$18,212,930 during the corresponding period.

If the above benchmarks provided the basis for the unflattering remarks by Mr Evans that 'there is no doubt that the Turf Club is doing nothing to help racing', then so be it. Personally, I can't say I am surprised by his outrageous claim, as we have become accustomed to his ill informed, off the cuff comments in the past. I won't bore you by correcting the remainder of the badly flawed analysis of our industry statistics, however such outbursts do nothing for morale of our Executive team who take their responsibilities somewhat more seriously than our former Minister.

Mr Trenorden: Taking all that information in the letter, I ask one question: Why are they not going okay? Everything is improved. Everything is rosy.

Mr KOBELKE: There are challenges for the industry. I accept the member's point about fixing up management, but I do not accept the full extent of his comments and his targets. We must ensure that the organisation of the three codes functions at the most efficient and effective level. That is why Labor proposes a review to sort out the matter. Many of the matters raised by the member for Avon will be covered in that review. The detail will remain with the codes, but the review will set the direction. Labor's commitment is to ensure that the review is not driven or dominated by one code, but will address the total needs of the industry and each of the three codes to ensure that they have a long and prosperous future.

**MR COWAN** (Merredin - Deputy Premier) [10.23 pm]: I thank members who have contributed to this debate. As you would be aware, Mr Deputy Speaker, the majority of comments related to the second last paragraph in the minister's second reading speech; namely, that the measures contained in the Bill are only interim in nature.

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They will be operative until such time as a review of the racing industry has been conducted. That seemed to give all members licence to comment on the proposed review and what was right and wrong with the industry. I can only presume that that was the reason for members' getting to their feet. Surely, they did not do so to demonstrate that they know more about the industry than I know, as that is a given.

The members for Perth, Burrup and Kimberley asked questions on the legislation, most of which related to the discretion of the minister in the distribution of funds in excess of \$50m. I will not comment on the determination the minister may make about the funding, other than to say that it is not anticipated that the funds would be more than \$1.5m maximum. The member for Avon is right: Much of that will be distributed to clubs that have been deprived access to funds, for example, by the Turf Club in the racing code.

The other question raised, which I answered by interjection, related to the termination clause. The legislation will expire on 31 July 2002. That relates to the paragraph concerning the review of the racing industry. I am advised that the committee of review had its first meeting recently, and we can all look forward to some successful outcome to deliver a greater degree of rationalisation in the racing industry. The legislation has no greater intent than to allow the minister a discretion in the distribution of funds over \$50m to the racing codes through the TAB. I can assure members that the minister's discretion will be exercised cautiously and prudently. As members know, it will be always subject to scrutiny by this House through question time or other forms of direct contact with the minister. I heard no member oppose the legislation; therefore, I thank members for their support of the legislation.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate and passed.