

Division 46: Racing, Gaming and Liquor, \$118 043 000 —

Ms A.R. Mitchell, Chairman.

Mr T.K. Waldron, Minister for Racing and Gaming.

Mr B.A. Sargeant, Director General.

Mr T. Ng, Chief Finance Officer.

Mr S. Spallarossa, Policy Officer.

Mr M. Cutler, Chief of Staff, Office of the Minister for Racing and Gaming.

[Witnesses introduced.]

The CHAIRMAN: The first question will be from the member for Armadale.

Dr A.D. BUTI: I refer the minister to page 533. Under “Efficiency Indicators” is a figure of \$425 for “Average Cost of Determining Applications”. From my understanding and research, that surely cannot be the figure. An application for a liquor store, hotel or tavern costs up to \$3 100. This diagram shows the convoluted process one has to go through to obtain a licence. When I found out what people need to do, I thought it was absolutely absurd. It can take excessive time. I am interested to find out how one can come up with a figure of \$425. It seems contradictory to the government’s Red Tape Reduction Group. As I said, this is the convoluted system that people are required to go through. If a matter goes to the Liquor Commission, it may mean that three commissioners have to hear it and sometimes it can take up to a year or a year and a half to resolve. I would like to know how that figure of \$425 was arrived at.

Mr T.K. WALDRON: I will give the member an overview and then the director can give the member the intricate details. One of the processes was put in place in this place back in 2007. The previous government had a review back in 2005 and substantially changed the Liquor Control Act under then Minister McGowan. One of the changes included moving to a public interest test. The member for Armadale has to remember that it is set up with an independent director so that it is not the government that makes these day-to-day decisions. The government makes the legislation; the director then acts under that legislation.

The objects of the act require the director general to satisfy himself on whether any application meets that public interest test. There used to solely be a public needs test. That is still there, but now there is also a public interests test. He has to establish that all applications meet that test. The former Labor government brought in that test. I think the test is good.

For the detail of how the average cost of applications is determined, I will pass to the director general so that he can give the member a good rundown of it. There are lots of different categories; they are not all the same.

Mr B.A. Sargeant: The member is correct in the sense that it costs more than \$3 000 to apply for a licence such as for a liquor store or a hotel. The fees in other licence categories are less than that. We arrived at that figure by taking the total cost and dividing it by the number of applications processed through the organisation. For instance, in 2010–11 we processed 2 500 community gaming applications; nearly 600 casino employees applications; numerous other licence types, not only applications but also variations to licences; and nearly 11 000 approved manager applications. We granted 150 liquor licences and 7 000 occasional licences. This average does not take into account only the applications. It is a broad figure to come down to some average. Some application fees are as low as \$40; \$3 000 is the highest. It is purely a numerical average.

Dr A.D. BUTI: Surely, therefore, that average cost is incredibly unreliable. It is all right to say that the occasional licence fee is included. The people who are most concerned about the use of this industry are people who want a permanent licence for a tavern or hotel et cetera. To use the \$425 figure is incredibly misleading when the people who are really the major stakeholders in this industry are paying thousands of dollars. That is an incredibly misleading figure and it should not have been used.

Mr T.K. WALDRON: It is an average and —

The CHAIRMAN: Member for Armadale, are you asking a question or making a statement?

Dr A.D. BUTI: I am asking a question. Why is the average used when it is incredibly misleading about the cost to the major stakeholders in the industry?

Mr T.K. WALDRON: We could compare it with a batsman’s average as opposed to a bowler’s average in cricket. An average is an average. I would imagine all the figures are in the annual report of the department for everyone to see. Those in the industry are made very well aware of the costs. We heard the director general mention the number of occasional licences. The member for Armadale said “red tape”. The member for Scarborough, who is here, was a member of the Red Tape Reduction Group. The group’s review identified some issues within not only this department but also other departments. We have taken action on that by dividing

occasional licences into two different categories to make it a lot easier. In a lot of cases now, people do not have to apply for occasional licences. That frees it up in that area.

We have also funded the department this year to upgrade its information and communications technology to allow a lot more online applications. We are very proactively trying to keep the timing issue and red tape down as much as we can.

I have learned a lot in the past four years as minister for liquor licensing, because it is a really complex area. I know I talk about balance often, but the director has to strike a balance between making getting a licence as simple, as quick and as least costly as he can against the harm that alcohol can cause. That is in the objects of the Liquor Control Act, which was amended under the former Labor government and which I agree with. He has that difficult task. We have made a great many strides in that area. I will continue to look at other areas within which we can reduce red tape.

Also, we have changed the approved managers system that was brought in. The approved managers system was a good system, but we have made it a helluva lot more portable and easier. A licence lasts for five years now and does not have to be renewed each year. We have been very proactive in that area. I will pass to the director general to see whether he wants to make further comment on what I or the member said.

[12.20 pm]

Mr B.A. Sargeant: The department's operating costs are about \$13.5 million a year, but the net amount that is appropriated after taking into account the revenues we receive from things such as the Gaming and Wagering Commission or licence fee applications means that we still get a net appropriation of \$4.5 million per annum, which means that the industry does not fully cover the cost of running the agency at all.

With respect to the process, it is not a simple ticking of the boxes; the act does not provide for that. The minister mentioned that the 2006 amendments, which came into operation in 2007, changed the public interest test, but the public interest test has been there since the 1988 act came into operation. What changed was the public needs aspect of that test. There is still the requirement of balance. Quite often people forget that the prime object of the act is to regulate the sale, supply and consumption of alcohol; that is the prime responsibility. When we get applications, people who look at it from the point of view of getting licences often do not appreciate that people have the right to object and the director of public health and the police have the right to intervene. It is my job to weigh in balance all those conflicting interests. Depending on the audience, we are either giving too many licences or not giving enough. It is about trying to arrive at the balance.

Dr A.D. BUTI: I have a supplementary.

The CHAIRMAN: I am just conscious of the time. Other people wish to ask a question. Would the member mind if I moved on?

Dr A.D. BUTI: I have a supplementary that is related.

The CHAIRMAN: Does the member want supplementary information or does he want a further question?

Dr A.D. BUTI: The minister mentioned online registration. I am about to ask a question regarding the minister's reference to online registration.

The CHAIRMAN: A further question, member for Armadale.

Dr A.D. BUTI: In relation to the director general's statement that he has to weigh up a lot of things, I hear of cases taking between two and four years. I cannot see how that can be.

Mr T.K. WALDRON: I do not think that is correct.

Dr A.D. BUTI: Does the minister not think that that happens?

Mr T.K. WALDRON: No, I do not think that is correct. It is easy to chuck a figure out and say "I heard". I hear a lot of things that are highly inaccurate.

Dr A.D. BUTI: Minister, I have heard from legal professionals working in the area.

Mr T.K. WALDRON: I will ask the director general to comment on that aspect.

Mr B.A. Sargeant: To my knowledge, I am not aware of a licence application taking longer than 12 months. Some of them may take longer than that. I have an example of an application for a liquor store in Byford. The applicant has changed the premises three times in that process. I have an application for something in Applecross. The applicant has decided to extend it, so they have gone to council to get further areas. Those things can put the application on hold. That has happened a number of times. There can be various reasons why they are held up. A number of applications for some of the megastores by some of the national chains have taken longer to process. They have gone to the commission, and supplementary information has been submitted. I can

try to ascertain how many could take longer than 12 months in the last 12-month period, but I am not aware of any. It is not unusual for something to take six months though to be granted. Four years for an application, I would dispute that quite strongly.

Dr A.D. BUTI: I have a further question regarding the online licensing application system, which is also mentioned in budget paper No 3. I will put this to the minister, and the minister of course can ask the director. I have received numerous complaints regarding the online e-government regulatory system in the sense that I have heard that the director refused to return phone calls and emails. My understanding is that he refuses because he suggests that he is a decision maker and it may compromise his process. However, surely he is also the administrator of liquor licensing—he is not only the determiner of cases; that is only one of his roles. If he is not returning phone calls from applicants, I wonder how this system is operating appropriately.

Mr T.K. WALDRON: I will get the director to comment, but I will make a comment here. Both from opposition and now as minister, I have had the utmost respect for Barry Sargeant, the Director of Liquor Licensing. He is one of the most experienced and fair public servants in this state.

Mr M.P. MURRAY: The best handbrake we have got.

Mr T.K. WALDRON: He has a difficult job, member.

Mr M.P. MURRAY: Over 12 months is far too long.

Mr T.K. WALDRON: I was just trying to say that one of the things coming in is that we are upgrading our ICT to give the director a hand to process the number of applications he has to process. We as a government have tried to help by cutting some of that red tape so that he can do his job in a more timely manner, but he has a huge responsibility. The member for Collie–Preston knows that there is a huge lobby out there about alcohol. I think it goes way too far. Alcohol is part of our society. The member can go anywhere and he will see alcohol being consumed. I have been tackled at a particular event by people telling me that we need to come down so much harder on alcohol consumption. They get stuck right into me. I stopped them and said, “Just hang on a minute. What are you all doing?” They were all standing there going on about how we should be slashing the consumption through our drinking laws—that is, tightening it up even further—and taking it completely out of sport. They would have us throw out the window all that great work that we have been talking about for an hour and a half in relation to Sport and Recreation while they are sitting there having a drink. It is okay for them to have a drink. What the director has to do —

Mr P.B. WATSON: Can the minister mention any names?

Mr T.K. WALDRON: No; I am not mentioning any names. The director has a tough job. He is highly experienced, but he has to balance it. I remind members in this place that in 2010 when we made a lot of amendments to the liquor bill, in about 12 hours of debate in this very house, I heard from the Labor Party, the Liberal Party and the National Party from people who wanted to just about prohibit alcohol right through to people who wanted to just throw it open and have no rules at all.

Dr A.D. BUTI: That was not my question. My question was —

Mr T.K. WALDRON: It was my answer because the member needs to understand.

Dr A.D. BUTI: My question was: does the director —

The CHAIRMAN: Member for Armadale!

Dr A.D. BUTI: Does the director refuse to take calls from the public? I am asking a question. He should be responding, and he is not.

The CHAIRMAN: Member for Armadale! Give the minister a chance to respond to the question.

Mr T.K. WALDRON: I will answer the member’s question. That is up to the independent—remember that he is the independent—director. I, as minister, as was the case with previous ministers, cannot direct the independent director. We work closely together. We discuss issues that affect the public with regard to alcohol et cetera. There may be times when it is very pertinent for the director not to take calls. I have found the director to be very approachable; I have found his staff to be very approachable. In fact, just this week I spoke to a constituent from my electorate who rang me to say, “I know you cop a bit of flak about the department; I just want to let you know the great information that they gave me.” Is the member aware of the seminars they hold?

Dr A.D. BUTI: I beg your pardon.

Mr T.K. WALDRON: The member was not even listening. He asked the question but is not listening.

Dr A.D. BUTI: No. The seminars—yes, but I have not been to them.

Mr T.K. WALDRON: Maybe the member should.

Dr A.D. BUTI: I do not want to put in an application, so I do not know whether I want to.

Mr T.K. WALDRON: I had a member on our side of the house a couple of years ago come and see me. They were going right off the handle about this department. I got information and arranged a meeting et cetera. That member now understands. I will hand over to the director, if he wants to make further comment.

Mr P.B. WATSON: The minister was going to hand over to him 10 minutes ago.

Mr B.A. Sargeant: I think it has to be remembered that I have a staff of over 100 people. I am the Director General of the Department of Racing, Gaming and Liquor. I hold a number of positions. I chair the Gaming and Wagering Commission. I am a member of the Burswood Park Board. I am on the stadium steering committee. I am also responsible for the minister in terms of policy on a whole range of matters. I do not take calls directly. Of all the applications we process, I personally might do two or three a month. They are all done under delegation, so they do not actually come to me. Many calls may be put through, and people might write to the director, but they just get addressed to various offices within the agency. There are a number that I do not even come across. When we reach the stage of an application being processed, I am very conscious of being independent. If I may take the liberty of reading from a May 2001 Supreme Court case where Templeman J. —

Dr A.D. BUTI: Minister, we are running out of time. I do not think we should be reading from Supreme Court cases now when we have only half an hour for Racing.

Mr T.K. WALDRON: Through the Chair, the member has asked a very direct, personal question of the director. I think the director should have the right to answer.

Dr A.D. BUTI: We allowed the minister to go out for a toilet break that took five minutes. Will the minister allow us to go after one o'clock?

The CHAIRMAN: At the moment, we are wasting time. Will this be a long statement?

Dr A.D. BUTI: Maybe refer us to it. Give us a citation, and we will look at it.

[12.30 pm]

Mr B.A. Sargeant: This is paragraph 26. Basically, it referred to the fact that the director spoke to some police independent of the applicant. The Supreme Court overturned the decision simply because he should not have communicated with the police while the decision was being made. It is quite clear that when we are in the decision-making process, we have to maintain a degree of independence.

The appropriation was recommended.