

**Racing and Wagering Western Australia —**

Mr S.J. Price, Chair.

Mr P. Papalia, Minister for Racing and Gaming.

Mr R. Burt, Chief Executive Officer.

Ms E. Roebuck, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for South Perth.

**Mr J.E. McGRATH:** We have to move quickly on this one. I refer to the second last paragraph on page 449 where reference is made to the point-of-consumption tax. In October last year, Racing and Wagering Western Australia chief executive, Richard Burt, said that the government's planned point-of-consumption tax could backfire on the industry unless it was carefully planned. That was a reasonable observation. He said that the tax would raise the overall tax burden on the state-owned betting agency, the TAB, and said a lot of work will occur between now and when the tax comes into effect in January 2019. As the minister, will he give a rolled-gold guarantee to the racing industry that it will be no worse off once the point-of-consumption tax has been implemented?

**Mr P. PAPALIA:** I will give the member a bit of an answer and perhaps Mr Burt can add to it. Firstly, right now—I think the member is aware of this—a process is underway by which the industry is being consulted comprehensively around not only this matter, but also matters associated with the TAB. As a necessary precursor to that, advisory committees were elected from within each of the codes and they have been brought into the confidence of RWWA and Treasury to ensure they are delivered all the information necessary to make deliberations on behalf of the industry concerning the TAB, whatever outcome they determine. But also, as a component of that point-of-consumption tax, it is kind of inherent because it will happen. Governments around the country are moving towards implementing that, as the member is aware. Always from my perspective, the motivation has been to ensure that the industry is no worse off. I am not in the habit of giving rolled-gold guarantees but I can say that there has been deep consultation. I would like to commend in *Hansard* the effort made by the representatives of each of the codes on this matter and the TAB deliberations. They have sacrificed a great deal of time and put a lot of energy into it. They have brought a great deal of insight from the industry, and I am comfortable that the interests of their codes have been well and truly represented by those bodies. I will ask Mr Burt if he wants to add anything.

**Mr R. Burt:** Good afternoon. The consultation so far has shown what the financial impact will be. The work we are doing with Treasury gives us confidence that the additional wagering tax that RWWA will have to pay will be reimbursed and that the further areas where we might have our other income impacted by the introduction of the POC, we are still working on with Treasury and it is receptive towards them. It is still going through a process of consultation.

**Mr P. PAPALIA:** It has been a very collaborative process. Treasury is not storming in and proclaiming anything. There have been a lot of good discussions.

**Mr J.E. McGRATH:** Further to that, the government has announced a 15 per cent point-of-consumption tax. Very recently Victoria brought in an eight per cent point-of-consumption tax. To some people in the industry, that could create some problems for Western Australia because it could lead to the big corporate bookmakers channelling their punters to Victoria because they will not have to pay as much tax on the bets. Does the minister have an opinion on that?

**Mr P. PAPALIA:** I am aware of the level that the Victorians have chosen. We are also sensitive to the fact that New South Wales is yet to set its tax, and there is a likelihood it will respond. I do not know that the impact will be the one the member has indicated but there are potentially threats associated with having such disparity between a level we have been contemplating, and the one from Victoria. All those things are being considered. We have

not yet arrived at a final determination, and Treasury is aware of what is happening. In these negotiations and discussions, those factors are being considered.

**Mr J.E. McGRATH:** Has the 15 per cent not yet been finalised?

**Mr P. PAPALIA:** The exact structure of our point-of-consumption tax has not yet been determined.

**Mr V.A. CATANIA:** Further to that question, on page 167 under “Details of Administered Transactions” is “Racing and Wagering Western Australia Tax”. Is the entire \$21.6 million estimated increase in tax to be collected in 2018–19 a reflection of the implementation of the point-of-consumption tax?

[12.40 pm]

**Mr P. PAPALIA:** Yes.

**Mr V.A. CATANIA:** That answers the member for South Perth’s question, does it not?

**Mr P. PAPALIA:** No. The member for South Perth asked about the impact on the racing industry and how that might be minimised or avoided through some degree of structure around the tax. I note that deliberations are still underway, but the projections of tax in that table probably reflect a 15 per cent tax. In those original discussions there was consideration of compensation for any differential between being no worse off and the tax arrived at, so it may not look like that.

**Mr V.A. CATANIA:** Is the extra \$55 million raised by the point-of-consumption tax in the first four years from its implementation in 2019–20 compared with the estimated actual for 2017–18 entirely attributed to the new point-of-consumption tax?

**Mr P. PAPALIA:** Based on the time of printing, the modelling employed would have been the 15 per cent. As I have indicated, that has not yet been resolved. That is a projection based on that original statement by the Premier in last year’s budget.

**Mr V.A. CATANIA:** Will the extra revenue from the point-of-consumption tax be paid into the consolidated account or will it be returned to the industry?

**Mr P. PAPALIA:** I think the member is asking the wrong person. He is talking about a Treasury matter. He should really be talking to the Treasurer. The member for South Perth asked about the industry. I have indicated and confirmed that our intent is that the industry will be no worse off. That has always been a motivating factor from my perspective and, as far as I am concerned, in my portfolio, that is the objective.

**Mr V.A. CATANIA:** I note that the tax collected increases by about \$5 million to \$6 million per annum in the final two years. What is the reason for this increase?

**Mr P. PAPALIA:** It is just modelling based on projections associated with the shift in the nature of betting that will result in a greater potential catchment of overall global betting that will be captured by this tax. Every state is motivated to move towards a point-of-consumption tax to capture a greater proportion of the betting that is going on in each state, much of which is not subject to any return to the state or, as far as overall benefit, the industry.

**Mr J.E. McGRATH:** I think what the member for North West Central is alluding to is that when there was talk about the possible sale of the TAB, the industry felt that it should get some share of the proceeds through an infrastructure fund —

**Mr P. PAPALIA:** Is this a question related to a specific line item?

**Mr J.E. McGRATH:** This is further to what we are talking about.

**Mr P. PAPALIA:** I do not think it is relevant to the question he asked.

**Mr V.A. CATANIA:** I have a further question.

**Mr P. PAPALIA:** I think the member for South Perth can have a further question but he has to identify —

**Mr J.E. McGRATH:** It is on the point-of-consumption tax, which we are talking about. The industry might ask, “Can we get more out of this tax?” The tax will obviously be raised by the government. A fair share of it will go into the consolidated account, but the industry, according to the minister, can be fairly guaranteed that it will not be any worse off as a result. The industry might ask the minister whether it can get a bit more because it is providing the product.

**Mr P. PAPALIA:** The industry is in negotiations through its representative committees with RWWA and Treasury on the nature of —

**Mr J.E. McGRATH:** The carve-up?

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE B — Wednesday, 23 May 2018]

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**Mr P. PAPALIA:** No, on the nature of the point-of-consumption tax, how that might be applied and constructed, and the future of the TAB. Industry is fully engaged. Its motivation during these discussions will always be to the benefit of the industry. There will be discussions on behalf of Treasury focused on benefits for the state, but ultimately it is deeply engaged. As I indicated earlier, the discussion is a collaborative process. Members should rest assured that the industry is being represented and is directly involved.

**Mr V.A. CATANIA:** Given the fact that the minister says it is a matter for Treasury to decide whether the \$55 million that will be raised by the point-of-consumption tax will be returned to the industry, will the minister fight for that money to remain in the industry or will he allow Treasury to put it into the consolidated revenue coffers?

**Mr P. PAPALIA:** I am struggling to find one word of accuracy in the member's statement. I did not say anything of that type at all.

**Mr V.A. CATANIA:** You did!

**Mr P. PAPALIA:** That might be the member's interpretation. I have consistently and repeatedly said that the industry is engaged in discussions on these matters with the government in the form of Treasury and, through collaboration with RWWA, with its representative committees right now. It is engaged.

**Mr V.A. CATANIA:** Will the minister back the industry if it asks for the \$55 million to stay?

**Mr P. PAPALIA:** I will always ensure that we have a sustainable and robust racing industry in Western Australia. That does not necessarily mean —

**Mr V.A. CATANIA:** But will the minister back the industry and keep the \$55 million in the industry?

**Mr P. PAPALIA:** What \$55 million? I have said that the modelling here may not reflect what is arrived at. I am assuming that this model is based on the statement by the Premier. The member is asking the wrong person about tax. The statement by the Treasurer in the last budget indicated that he was contemplating a 15 per cent point-of-consumption tax. I am assuming that is the modelling, but the member can ask the Treasurer if he wants to know the detail. That is a model.

**Mr V.A. CATANIA:** You are the racing minister.

**Mr P. PAPALIA:** I am the racing minister so ask me a racing question.

**Mr V.A. CATANIA:** Is the minister saying that this has nothing to do with racing?

**Mr P. PAPALIA:** The member knows full well that the Treasurer is the lead minister on tax.

**Mr V.A. CATANIA:** This is tax that will be imposed on the industry.

**Mr P. PAPALIA:** Unlike some members on the other side, my motivation is to ensure that the racing industry is as robust and strong as possible and is able to make a good, solid, sustainable contribution to the Western Australian economy in the future. I have a range of motivations. Firstly, as a government, the WA Labor party values all codes in the racing industry. We said that when we took office and before then, and we have reaffirmed that regularly. Secondly, I happen to be the Minister for Tourism and I personally value the contribution made by the racing sector to tourism. Not everyone recognises the racing industry's contributions to tourism, but I do. Thirdly, I am the Minister for Small Business. I am motivated to ensure that small businesses survive and prosper under our government. Just about everyone in racing is a small business operator. For all those reasons, I am very keen on getting the best outcome for the racing industry.

**Mr J.E. McGRATH:** I refer to "Racing and Wagering Western Australia" on page 242. I hear the minister's comments that he values all codes of the racing industry. I have been copied into correspondence that has been sent to the minister by the president of the Golden Mile Trotting Club. The letter seeks the minister's support in intervening in a decision by Racing and Wagering Western Australia to shut down one of the oldest harness racing clubs in the state. It is a club that has been going for 104 years. I find some of the language in the letter a bit difficult to understand.

**Mr P. PAPALIA:** What is the member's question?

**Mr J.E. McGRATH:** The letter claims that this decision has been put forward on a biased and incorrect database that tends to infer that the Golden Mile Trotting Club is not sustainable.

[12.50 pm]

**Mr P. PAPALIA:** What is the question? I assume I will see the letter eventually. I do not know the date of it; I have not seen it today. Can the member for South Perth just ask me the question, rather than reading out the letter?

**Mr J.E. McGRATH:** I am going to ask a question.

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**Mr P. PAPALIA:** I know about the subject. Just ask me the question.

**Mr J.E. McGRATH:** Is the Minister for Racing and Gaming prepared to intervene and seek more time for the Golden Mile Trotting Club to be able to work through this situation with Racing and Wagering Western Australia, so that the club, which once had 26 meetings and now has none, will be able to continue?

**Mr P. PAPALIA:** Firstly, I act in the interests of the racing industry as a whole. As minister, that is my objective. I am going to ask Mr Burt to explain exactly what has happened in relation to that harness club.

**Mr J.E. McGRATH:** The minister has not answered my question.

**Mr P. PAPALIA:** No; I will not intervene. I will ask Mr Burt to explain what has actually happened with this matter.

**Mr R. Burt:** Thank you, minister. It is clearly an emotive issue. Closing a race club at any time is not pleasant. In fact, in RWWA's existence, the only two clubs that will not have race dates are the Geraldton Harness Racing Club and the Golden Mile Trotting Club in Kalgoorlie. The reasons we have not issued race dates to the Golden Mile Trotting Club are insufficient local starters, field sizes and commercial sustainability of the club. Racing and Wagering WA has a responsibility to position each of the codes on a sustainable footing to ensure its prosperity going forward. RWWA is centralising and consolidating harness racing in the south west. We are doing that for a number of reasons, but primarily because the level of subsidy that harness racing has enjoyed under RWWA needs to reduce and we need to be able to lift the commercial viability of the code. It is the most subsidised sport out of our three codes. With harness racing, that can be done; race meetings can be transferred to the remaining venues in the state. However, that cannot be done with thoroughbreds because it is turf based, and each turf track can take only a certain volume of races. We are consolidating harness racing in the south west. We have undertaken consultation. As recently as Monday this week, we met with the club and community up there and basically explained our reasoning.

**Mr J.E. McGRATH:** I am told that the club —

**The CHAIR:** What is the question, please, member?

**Mr J.E. McGRATH:** I have to explain before I can ask the question. I am told that an email was sent to RWWA on 5 February 2018 by the club, pointing out the steps it intended to take to make itself more competitive. Yet, without any further consultation, RWWA announced a decision on 28 March that it was the end of the road for Kalgoorlie.

**The CHAIR:** What is the question, member?

**Mr P. PAPALIA:** I might get Mr Burt to respond.

**The CHAIR:** It was not a question; it was a statement.

**Mr P. PAPALIA:** I know.

**Mr J.E. McGRATH:** The question is: did that happen?

**Mr P. PAPALIA:** Mr Burt will respond to the claim.

**Mr R. Burt:** We did receive a question from the Golden Mile Trotting Club. The wider issue we have with what the club was proposing is that we are bringing in a much more commercially viable harness program across 260 race meets across the state. It involves allocating race dates to the south west region, going as far east as Kellerberrin and as far south as Albany. What Kalgoorlie recommended was that it have bias of stake money, whereby it would be an incentive for people to travel out to Kalgoorlie. The problem with that is that if we were to bias people to travel to Kalgoorlie, they would not be available to sustain the fields in the south west area. It means that we would be effectively paying more subsidy to get people to travel when, really, the only benefit would be putting on the show in Kalgoorlie when it is a televised sport that survives off wagering, which can occur at any venue. We totally respect that Kalgoorlie deserves to have sport up there. Our issue is that we can actually run harness racing in a manner that is more commercially sustainable for the participants, including the participants of Kalgoorlie, because they have the ability to train in Kalgoorlie at their venue and race in the south west as well, which is nearly the reverse of what is currently occurring with Kalgoorlie having race dates. We are actually presenting harness racing and using strategies that will ensure its sustainability going forward, so that it will be a lot more prosperous. We actually think that for employment, the community and economic benefit generally, that is going to be a better outcome than if we simply took no responsibility for putting these sorts of difficult strategies in place.

**Mr J.E. McGRATH:** Given that the Golden Mile Trotting Club claims that its tote turnovers on and off the course are better than all other comparative tracks—so, not counting Pinjarra, Bunbury and Gloucester Park—would the

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minister be able to seek for this committee from RWWA the figures from clubs like Kalgoorlie, Albany, Kellerberrin and Busselton—in other words, from those tracks that are not our major provincial tracks?

**Mr P. PAPALIA:** I am undertaking to provide to the member by way of supplementary information parimutuel and fixed-odd wagering turnover for the race tracks comparable with Kalgoorlie for the last financial year.

*[Supplementary Information No B13.]*

**Mr J.E. McGRATH:** Could RWWA also provide the amount of funding it provides to each of those clubs in terms of prize money and the cost of sending stewards to the course—basically, the cost of putting on those meetings? It has been raised that it is too expensive to send the stewards and pay for the prize money in Kalgoorlie when the return is not as great. We would like to compare that with other tracks.

**Mr P. PAPALIA:** I undertake to provide to the member by way of supplementary information, for the same tracks, for the same financial year, the total industry funding for each of those venues, including RWWA's direct operational costs.

*[Supplementary Information No B14.]*

**Ms C.M. ROWE:** I refer to the ninth dot point under significant issues impacting the agency on page 449 of budget paper No 2. Could the minister please provide an update on what has been achieved by the greyhound welfare working group facilitated by RWWA?

**Mr P. PAPALIA:** For the first time in WA, the greyhound racing industry and the major greyhound welfare and adoption groups have collaborated in a bid to improve the treatment and welfare of greyhounds in WA racing by discussing what initiatives are currently in place and working towards solutions and common goals. Lisa Baker, MLA, member for Maylands, and I established the WA greyhound welfare working group, which is facilitated by Racing and Wagering Western Australia as the principal racing authority in the state. The working group enables communication and cooperation between the racing industry bodies, the racing authority and the welfare advocacy and adoption groups, all of which bring a wealth of knowledge about the welfare and treatment of greyhounds. The first meeting was held in November 2017 and the group has met five times since then. Members of the group include RWWA, the Western Australian Greyhound Breeders, Owners and Trainers Association, the Western Australian Greyhound Racing Association, the RSPCA WA, GreyhoundAngels of WA, Greyhound Adoptions WA and Free the Hounds. The initial meetings were important to build relationships between members through the detailed sharing of information and experiences from all perspectives, with a view to determining specific goals and objectives that the group can strive to achieve to ensure that WA greyhounds receive gold-standard treatment throughout their entire lives. The group has focused on improvements across the whole life of a greyhound, even those that do not make it to a race track. The group has been discussing initiatives and enhancements that can be made in the welfare space for the stages of breeding, rearing and racing. The group has also been reviewing post-racing rehoming initiatives, including the transition from racing life to life as a pet, the green collar assessment and fostering arrangements. The group is scheduled to meet again at the end of this month, when it is expected to finalise the goals and objectives it aims to achieve over its operation.

**The CHAIR:** That concludes the examination of Racing and Wagering Western Australia.

*Meeting suspended from 1.00 to 2.00 pm*