

Racing and Wagering Western Australia —

Ms J.M. Freeman, Chairman.

Mr T.K. Waldron, Minister for Sport and Recreation.

Mr R. Burt, Chief Executive Officer.

Mr M. Cutler, Chief of Staff, Office of the Minister for Sport and Recreation.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

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 committee clerk by Friday, 30 August 2013. 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 with the Clerk's office.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: The member for Collie–Preston.

Mr M.P. MURRAY: I refer to the McGrath report that was handed down. What are the five issues in that report that do not require any further action, and what are the six issues in that report that require further consideration?

Mr T.K. WALDRON: The recommendations that were not accepted—this is public information—were 3, 6, 14 and 16.

Mr M.P. MURRAY: What were the five issues that did not require any further action?

Mr T.K. WALDRON: To save time, could I provide the detail of that as supplementary information, because it could have been Racing and Wagering WA operational stuff, or whatever? I will provide as supplementary the five recommendations from the “Inquiry into the Racing and Wagering Western Australia Acts” that required no further action.

[*Supplementary Information No A7.*]

Dr A.D. BUTI: I refer to page 718, the first item under “Works in Progress”, which reads “Business Systems and Products”. What amount of money is allocated annually for the drug testing of horses and jockeys? In a question on notice to the minister, the answer to which was provided on 6 August 2013, I asked whether Racing and Wagering WA has the ability to detect the use of equine growth hormones, and I listed various substances. That includes EPO, which I did not list. RWWA may have the ability to test for these substances, but it may not actually test for these substances. If RWWA does test for those substances, how many tests have been done, and how many of those tests have been positive? In that question I referred also to the use of milkshakes in harness racing. What funding has been provided, and what policies is the industry engaged in to try to alleviate the problem of doping of horses?

Mr T.K. WALDRON: I thank the member for the question. It is a detailed question, and before I pass on to Mr Burt, I will make a couple of comments, because I remember answering the question and I have a copy of it here. The one thing I have learnt since I have been the sports minister and have been involved in racing and gaming and in sport—we talked about sports law the other day—is that sport is a long way behind racing. The one thing about racing is that it is really good in this area. Yes, from time to time there will be some glitches. But I know from when we answered this question that its involvement is very extensive. So I will pass on to Richard Burt, who would have much more detail for the member.

Mr R. Burt: I will attempt to remember all of the questions, because there were a few. So my apologies—I am not evading; I just may not remember all the questions. To answer the member's first question about the budget, the actual amount that we provide for the purposes of swabbing, or drug detection, is in excess of \$800 000. Typically, that funding grows by about five per cent a year, so it not something that reduces. For example, this year, the number of tests that we have undertaken has led to about a 15 per cent increase on the previous year. We undertook to carry out a whole lot more swabbing, and that sort of implication has occurred. In terms of do we test for growth hormones and EPO, not only do we have capability for testing, but also we are using Hong

Kong as a testing means, and we have used that throughout the year. I will quote for the member some of the EPO data, because I think the member asked specifically what we have undertaken. For thoroughbreds, we have undertaken 144 swabs with zero positives; for harness, 78 zero positives; and for greyhounds, 59 zero positives. With regard to the milk-shaking that the member referred to, either through stomach tubing or by providing bicarbonate to horses, in the time that RWWA has been in place, 21 cases have been detected. It is an issue predominantly in the harness industry. We see a very low occurrence in any other industry. That is not to say it does not occur, but the high tolerance, if we like, or the high use of the product, is in the harness industry. There is a threshold that is known as 36 millimoles. That is the level to which it can happen from an endogenous point of view, which is a naturally occurring level—not that we accept that drugs should be provided to horses at all, but that is the threshold at which we impose a penalty.

To give the member an understanding, in the harness industry we have carried out 2 904 samples and we have had four positive results. It is an issue within the harness industry predominantly. By way of example, in the thoroughbred industry, there were 1 605 samples and zero positive results. We have a greater issue in managing the harness racing industry when there is an occurrence. The veterinary science tends to show that the bicarbonate from a performance point of view suppresses lactic acid, and it tends to happen more in endurance events. The longer running races are typically harness races. Typically, events over 2 500 metres may have that type of occurrence, and that typically is what a harness race involves.

[12.40 pm]

Dr A.D. BUTI: And the jockeys?

Mr R. Burt: We test the jockeys for alcohol and drugs. I do not have the specific numbers for the swabs and the incidents, nor the budget, but we are definitely regularly testing for alcohol and drugs at trials, training and race meetings.

Dr A.D. BUTI: Will the minister be able to provide that information?

Mr T.K. WALDRON: Yes, we can provide that information.

The CHAIRMAN: Can the member clarify the information he is seeking?

Dr A.D. BUTI: How much alcohol and drugs testing has been undertaken of jockeys and what have been the positive tests?

Mr R. Burt: If I may correct myself, I am not able to give the financials specifically or the breakdown of the particular offence, but of 249 samples, there were six positive results. I cannot tell the member what the positives or the swabs were for, but that was the overall number.

Dr A.D. BUTI: Will that be able to be provided at a later date?

Mr R. Burt: Yes.

The CHAIRMAN: Will the member put clearly on the record what he is seeking?

Dr A.D. BUTI: I will receive the detail of the positive test results in the drug testing of jockeys.

[*Supplementary Information No A8.*]

Mr M.P. MURRAY: I refer to page 718 of the *Budget Statements*. Where is the money put from the fines and penalties imposed on jockeys? Is it put into general revenue or into a specific fund?

Mr T.K. WALDRON: I will get Mr Burt to answer that because that is an operational issue.

Mr R. Burt: The moneys that are received from jockey fines go into the consolidated revenue of Racing and Wagering Western Australia, and it is in the order of \$20 000 a year. The jockeys have applied for that money to be directed towards the National Jockeys Trust, but we have done a number of other reviews of jockey remuneration over the last three years and at this stage we will not put that money towards the National Jockeys Trust, but it does go into consolidated revenue.

Mr M.P. MURRAY: Is it only RWWA that makes the decision about the small amount of \$20 000? Is a change to the act needed to put that money into the jockeys' fund? I think that is very important.

Mr T.K. WALDRON: I do not think a change to the act is needed. That is a decision of RWWA; RWWA would make that call. Obviously, the government works closely with RWWA. I have been meeting with jockeys on this and other issues. I have been a big supporter of jockeys. I want to let the member know what we have been able to do for jockeys through RWWA. I know there is \$20 000 there. I talked earlier about the distributions. There is nearly \$120 million in distributions, and the \$6 million increase this year includes an increase in the fee for riders. The fee is now \$167.50; it was \$100 in 2003. We have stepped up to the level through RWWA. We also made changes to workers' compensation, which has greatly benefited jockeys. It has

been a big step forward for them, and that has come at a considerable cost to RWWA. I will let Richard comment on that. RWWA also introduced a \$5-per-ride payment to a career benefit fund for each rider from 2008. Through RWWA, this state has been very supportive of jockeys. Workers' compensation is a big issue for jockeys. I will let Richard make a further comment.

Mr M.P. MURRAY: It is all right if they can ride, but what if they cannot ride? That is fine, but what about the jockeys who cannot ride because they are injured? That is the point I am making.

Mr T.K. WALDRON: There is workers' compensation. As I understand it—correct me if I am wrong—under the workers' compensation legislation, they get increased workers' compensation from the last job they were doing, which they never used to get.

Mr M.P. MURRAY: Workers' compensation cuts out after two years, minister.

Mr T.K. WALDRON: A rider who was earning big money will get paid. That never occurred before. I will let Richard explain because he will know more about the detail. It is a big win for jockeys.

Mr M.P. MURRAY: It is penny-pinching \$20 000.

The CHAIRMAN: Thank you, member. The minister is getting the director to answer.

Mr R. Burt: What I would like to point out, if I may, is that there are many stakeholders in the racing industry across the three codes. One of the things we have to do very carefully and with good conscience is make sure that we provide equity and balance in the funding that we provide to each of the stakeholders within the racing industry. We need to remunerate a great many stakeholders in the thoroughbred industry, including owners, trainers, breeders, the various clubs and jockeys. Without labouring the point, jockeys have a very high risk job and we completely respect that. They are vital to the industry. They incur costs in getting to race meetings and they undertake a very dangerous sport. As they say, they participate in the only sport in which an ambulance actually follows them. We completely understand and respect that. Each year we sit down with them professionally and negotiate their remuneration, or we may do it over a period of time. We have come out of a three-year negotiation and have just negotiated, let us say, the next tranche of three years. I draw the member's attention to the past three years to understand how seriously we take jockey remuneration. From a hazardous work point of view, we have put in a plastic running rail at all our Sky venues, which are the major racing and training tracks. Royalties for regions funding and the racing industry grants program have been fundamentally important in delivering that. The jockeys have a much safer workplace because of the rail. They have received an increased ride fee each year, which is their bread and butter; stake moneys have increased; and 12 months ago we increased their eligibility for the first time to receive a benefit from the Westspeed incentive scheme, together with paying down to fifth and sixth places. The overall benefits have been increasing dramatically, which is good if they are riding, and I take the member's point. If they are not riding and they are injured, the most fundamental change that has been supported by this Parliament is the change to workers' compensation. To give the member an idea of the balance that we have to mete out, this year we have had to factor an additional \$800 000 into the premium for workers' compensation as a result of that legislation. When we increased the thoroughbred distribution by \$4.4 million, as we have done this year, the member can appreciate that the stakeholders other than jockeys wanted to know where that \$4.4 million was, and we have to say with due transparency that \$800 000 of that is going towards workers' compensation. There is so much that they are prepared to accept—albeit the high-risk trade that jockeys undertake—in the fairness and equity that we try to mete out. We try to do things on a progressive basis and on a basis of reasonableness. We believe that jockeys are reasonably remunerated and that we have some other areas of exposure, such as our owners and trainers, and we are trying to get that balance right.

Mr J.E. McGRATH: I appreciate that the member for Collie–Preston wants five minutes to ask some questions on greyhound racing. I refer to the works in progress outlined on page 718. Mr Burt might be able to shed some light on this. When the racing inquiry was held—the member for Albany was on the committee—both RWWA and the industry indicated to us that there was an urgent need for racing infrastructure; it was the biggest challenge for the racing industry. Last week, Steve Wolfe, the trainer, called for the government to form a racing industry infrastructure fund, which we all know was one of the recommendations in the report. During the hearings, Mr Burt told us that the industry had infrastructure needs of about \$70 million, which included \$15 million for Bunbury, a new track for Cannington and other works. What is that figure now? If no infrastructure fund is put in place by the government, how will RWWA manage that situation? Can I ask the minister what that figure is now? If no infrastructure is to be put in place by the government, how will Racing and Wagering Western Australia manage that situation?

[12.50 pm]

Mr T.K. WALDRON: I understand from Mr Burt that that figure is still around \$70 million. I think we already discussed earlier the need for infrastructure and what is happening now. It brings me to the point that the member raised in Parliament last week—that one of the possibilities was privatising the TAB. I want to let the member and other members know that, back in 2011, I went on record as saying that the Western Australian TAB should not be privatised unless it is in the best interests of the racing industry and the wider community to do so. We will always look at options, but I considered then that it definitely was not in the best interests of the racing industry and the general public. I am probably now even more solid in that view. Privatisation has occurred in other states, and in states such as Tasmania and South Australia it has proved to be disastrous to the industry. Better results have been yielded in Victoria, New South Wales and Queensland, but we have to remember that that is largely due to those deals having been very much sweetened by the granting of gaming assets; we do not have that here and cannot do that.

The other point is that I go to racing ministers conferences regularly, and every time I go, racing ministers come up to me and say, “We wish we had the set-up you have in Western Australia. Don’t sell your TAB.” I get legal people from within the industry talking to me about that. We will always keep our eyes open. Richard might like to make some comment on that as well because, as CEO, Richard is always exploring ways to gain more income for the industry, for the benefit of the industry. If it was in the best interests of the industry, I would certainly look at it, but at this stage I am convinced it is not the way to go, and I know that the chairman is also convinced of that. I have actually asked the chairman and the CEO to look at some of the real assets and needs of clubs. We will talk about things, but I am going to have a really good look at what the actual needs are and we will make decisions from there. Privatisation of the TAB is not on the agenda.

Mr J.E. McGRATH: In my view, privatisation is only contracting out the operation, not selling it. Is the minister saying that he is confident that the \$70 million required for infrastructure will be provided by the government?

Mr T.K. WALDRON: No, I did not say that at all. I said that the need was identified as being around \$70 million, as I understand it.

Mr J.E. McGRATH: Where will that money come from?

Mr T.K. WALDRON: The money will probably come from different sources over a period of time. It will come from the industry, from RWWA, from government, from racing clubs —

Mr P.B. WATSON: RWWA gets its funding from government.

Mr T.K. WALDRON: No, it does not. I will let Richard explain that. That is one of the reasons why we do not want to sell the TAB. I spoke to the member before about the actual fees we pay out, the distribution amounts, which is nearly \$120 million. That is how it is generated and that is why it is very, very important. I will let Richard comment further.

Dr A.D. BUTI: I have a supplementary question, but really along the same lines. I take the minister’s point about not selling the TAB. Where would the funding come from, and is the minister aware of industry concerns about the deterioration of winter tracks? What is being done about that?

Mr T.K. WALDRON: I am aware of that; there is always concern about winter tracks. I think Pinjarra is a fair example of the work we have done on winter tracks, both the track itself and the facilities, right down to the car park for the floats et cetera. We are also doing up York because we have had issues at Northam. Yes, I acknowledge that Belmont Park is going to need some attention, but we should remember that Perth Racing is doing a private development there as well. Perhaps Mr Burt might like to make a comment.

Mr R. Burt: Thank you, minister. To answer the member, the \$70 million is going to need a variety of funding sources, obviously. For the last three or four years, including during the parliamentary review, RWWA has strongly requested that, like all sporting organisations, the racing industry be recognised as having community-based assets and recognition that, like any assets, they deteriorate over time. If we are going to maintain racing on a community footing, there needs to be a contribution from sources other than the TAB. We are very confident that we can fund the operations of the TAB together with stake money, breeder payments, trainers’ fees and the rest of that side—what I call the cash flow of the business. But what we have difficulty with, like all sporting organisations, is funding infrastructure. We can do some, but it is very difficult to do all. What we have undertaken to get government assistance on is, as the committee recommendations identified, a reduction in wagering tax to be comparable with that of Victoria, which, if enacted, would provide RWWA and the industry with approximately \$12 million to \$13 million a year. I have to say that that would go significantly towards addressing the racing industry’s requirements over time—not just immediately, but over time—and that would make a demonstrable impact. The alternative way would be to provide additional wagering licences to the organisation for it to generate, from a revenue point of view, the ability to sustain the racing industry’s

infrastructure. Without getting into the subject of privatisation, the performance of RWWA and the TAB is at the highest level around Australia. I know we are not here to talk about that, but to address the \$70 million of current infrastructure needs, we will require assistance. I do not think it is in the interests of Western Australia for the racing industry to be consolidated to the level that would be required; it would be highly undesirable, both socially and for communities. RWWA needs to work with the government to have, in a timely fashion, these infrastructure needs met.

On the subject of the Perth track, I want to put some statistics and facts on the table. Much has been reported, and the odd trainer has had a bit to say. In respect of racing within metropolitan venues, of which there are two, Belmont as a winter track has lost one race meeting in five years. If we look across to the east—granted, their rainfall patterns are different—they do not experience the same high use of the tracks. We have 45 meetings at Belmont and more than 50 meetings at Ascot. We have a very, very low incidence—possibly the lowest in Australia—of loss of race meetings. We have an important requirement to make sure our tracks are as good as they can be, but what we try to do in balancing our finances is to make sure that we do not misuse funding for places like Belmont. If someone were to ask the industry, “Where can we best use \$10 million?”, which is the cost to basically rip up and re-lay a grass turf track at Belmont, when we put all the facts on the table, there can be better use of that funding. What we are better off doing is using good curating, good programming and other tracks, such as we have done with Pinjarra this autumn and winter, whereby we ease the workload on tracks and minimise the waste of expenditure. At some point, Belmont is going to have to be worked on, but I do not believe that is the necessity right now.

Mr T.K. WALDRON: I will add one thing to that, and be very brief. As minister, I recognise the needs of infrastructure. We have been able to address it to a certain point. I support the reduction of the tax to have an infrastructure fund. The timing was not right with the government, but I will continue to pursue that because I think that is the best way forward.

Mr M.P. MURRAY: My question is on greyhounds, particularly in relation to Cannington greyhounds. How was it possible to sign a lease when the CEO was on sick leave and board members were missing? How did that structure continue while there was an inquiry going on, yet financials were dealt with?

Mr T.K. WALDRON: We have been working with Greyhounds WA for some time on the track out there—the new facility. Yes, some governance issues concerned me, so I asked for the public sector to do a review, just to make sure it was operating well. As the member knows, the CEO has been very sick; that has compounded some of the issues they faced out there. They still had a quorum at the board meeting, and with what had come forward, we had already floated the signing of the lease some time ago. I was quite happy to sign the lease, because I think it is in the best interests of Greyhounds WA going forward. We are now progressing with the training and track facilities on the back block, with the support of RWWA and Greyhounds WA. To do that we need to sign the lease, and I think that is in our best interests.

Mr M.P. MURRAY: Another issue that concerns me is that RWWA has said at many meetings how good the greyhounds are going, yet has no intention of expanding the sport.

The CHAIRMAN: That completes the examination of Racing and Wagering Western Australia.

Meeting suspended from 1.00 to 2.00 pm

[2.00 pm]