

**TOTALISATOR AGENCY BOARD BETTING (MODIFICATION OF OPERATION) AMENDMENT
BILL 2002**

Second Reading

Resumed from 20 June.

HON BARRY HOUSE (South West) [9.54 pm]: I am pleased to notify members that the Opposition supports this Bill.

Hon Norman Moore: We brought it in.

Hon BARRY HOUSE: Yes; it would be a pretty tough old show if the Opposition actually opposed it now. I do not think my leader would be talking to me.

This is a simple bill, which merely extends the sunset clause for one year from 31 July 2002 to 31 July 2003. The original changes in the legislation, which was passed in late 2000, capped the amount of Totalisator Agency Board profits that are distributed by the statutory formula. That statutory formula is derived from the greyhound industry taking its proportion according to turnover and the remainder being divided according to the ratio of 65 to racing and 35 to pacing. The legislation that was passed in late 2000 capped that amount at \$50 million. This gave the minister discretion in the distribution of any TAB profits in excess of that \$50 million. I believe that the motivation at the time was to give the minister some discretion in distributing funds throughout the industry to look after those elements of the industry that were important to its future. It was aimed particularly at country racing and pacing, because the people involved in those pursuits felt that they were being disadvantaged by the distribution formula.

Those changes were made pending the outcome of a review that had been established to inquire into all aspects of the racing industry involving government. The hiccup in proceedings came in February 2001 when there was a change of government. That hiccup turned into pneumonia for the coalition. Nevertheless, life proceeded. The new minister opposite narrowed the terms of reference for that review to governance issues only. In the meantime, there had also been a change in the chairmanship of the review panel from Gavan Fielding to Ray Turner. In October 2001, the Turner report was made public. It advocated sweeping changes to the governance structure to involve the way the TAB operated and was controlled, and the way in which profits were distributed. In April this year the Government announced its response, which incorporated most of the recommendations of the Turner report.

I do not intend to dwell at length on any of those issues. We will hear more from many people, including stakeholders, in the coming months as the legislation is framed. It will then be time for a comprehensive debate in this place. We expect legislation by the end of the year. I hope the minister will confirm that.

Hon N.D. Griffiths: I share your hope. I really hope that there will be legislation by the end of this year, and I would love it to be properly debated - I am sure it will be - in a constructive way so that the outcome will be good. I would love the new body to be in place and operating very soon.

Hon BARRY HOUSE: Yes. Under the time frame, the new body must be up and running by 1 August 2003. Therefore, the legislation will need to be introduced to this place by the end of this year, so that it can be debated and considered before this time next year when the Parliament rises for the winter recess; otherwise there may be a problem and we may have to do all this again. However, that is when the new structure is expected to be in place. This has left a hiatus in the distribution process because the current legislation has a sunset clause that expires on 31 July this year. If it were not changed, we would need to revert to the old distribution formula. The net effect of that, as I understand it, would be that the greyhound industry would be allocated approximately \$2 million more, effectively for nothing, at the expense of the other two codes. That would not be a fair and reasonable outcome. For that reason, we support the extension of the sunset clause for one year.

In his response, I hope the minister will address a couple of issues. Since he has been the Minister for Racing and Gaming, has he changed the prescribed maximum ceiling from \$50 million to \$65 million.

Hon N.D. Griffiths: Yes.

Hon BARRY HOUSE: Did the minister do that by way of regulation?

Hon N.D. Griffiths: Yes, the legislation provides for that. It provides that \$50 million or such other amount is prescribed.

Hon BARRY HOUSE: Did the minister do that because he did not want to take a direct role in the distribution of funds or for some other reason? If the legislation implementing the new structure is not in place by this time next year, we will have to deal with it again next year; I hope that is not the case.

During the estimates committee hearings we did not receive a satisfactory answer to the question of the distribution of Totalisator Agency Board moneys. Members know that the Labor Party pledged to lower the turnover tax from five per cent to 4.5 per cent, which it duly did. That returned about \$4.2 million to the racing codes. Where did this money go, how was it distributed and why? What happened to it when it reached the codes? Were they given a blank cheque? What happened to it when it reached the Western Australian Turf Club and the Western Australian Trotting Association? Did it benefit the industry? The racing industry is in worse trouble now than it was 18 months ago. Many people in the industry want to know where the 4.5 per cent, or \$4.2 million, which was touted as being the Government's contribution to save the industry, has disappeared. People have not seen any evidence of it going into stake money or other areas of the industry.

Hon N.D. Griffiths: Which people do not see it having an effect on the stake money?

Hon BARRY HOUSE: People involved in the industry, including racehorse owners and bookmakers. Perhaps the minister does not talk to those people. He should get out of the committee room of the Turf Club and talk to other people involved in the racing industry.

Hon N.D. Griffiths: Name three people involved in the industry who assert that the tax cut has not had an effect on stake money?

Hon BARRY HOUSE: The minister should broaden the range of people he consults in the industry. He should listen to more people who are involved in numerous aspects of the industry. He should not just sit in the Turf Club committee room and eat nice meals and sip fine red wine. That is all very pleasant and it is part of the scene. However, if the minister sees only a portion of the racing industry, he will limit the people with whom he consults and his exposure to the industry. Many people in the industry want to know where that money has gone. Effectively, that is public money that is being returned to the racing industry.

I am simply asking the question, and the minister should be prepared to answer and to provide some detail. During the estimates debates the Leader of the Opposition asked where the money had gone. We have not received any of the details at this stage. I am using this occasion to pose those questions again. This legislation is all about distributing Totalisator Agency Board profits back to the racing industry. In effect, this legislation is uncomplicated; it extends the sunset clause by one year. The Opposition supports the intention of the legislation.

HON J.A. SCOTT (South Metropolitan) [10.05 pm]: I have a lot to say on this Bill. I support the Bill.

HON RAY HALLIGAN (North Metropolitan) [10.05 pm]: I agree with my colleague Hon Barry House.

In his second reading speech, the minister referred to the changes resulting in the Totalisator Agency Board distribution to the Western Australian Turf Club of 55.46 per cent, to the Western Australian Trotting Association of 29.86 per cent and to the Western Australian Greyhound Racing Authority of 14.6 per cent; whereas the explanatory memorandum suggests somewhat different percentages. The Turf Club remains the same at 55.46 per cent, but the Trotting Association is 29.76 per cent instead of 29.86 per cent and the Greyhound Racing Authority is 14.98 per cent instead of 14.68 per cent. Will the minister tell us which figures will be used?

HON N.D. GRIFFITHS (East Metropolitan - Minister for Racing and Gaming) [10.07 pm]: My understanding is that the second reading speech is correct. However, the member has raised the question and I will check that.

I have just heard the best speech ever given to this House; namely, the very eloquent words of Hon Jim Scott. I hope to hear many more excellent speeches like that, particularly in the course of the next 24 to 25 hours - if it should come to that. However, I cannot compete with Hon Jim Scott as Hon Barry House has raised a number of matters.

Hon Norman Moore: That is what we are here for, you know.

Hon N.D. GRIFFITHS: Yes, to give excellent speeches.

Hon Barry House referred to a hiccup. I take it he was referring to his side of politics, and that is life. The distribution of \$50 million was raised to \$65 million by regulation very early in our term of Government because, as minister, I did not think it appropriate that I have a hands-on role in allocating particular funds to particular clubs.

The money that flows to the codes as a result of that 10 per cent tax cut is distributed in the same way as the other money that flows from the TAB to the codes. The distribution goes to the consolidated fund, Treasury rebates it and everybody is happy. A question was asked of me during the Estimates Committee by Hon Norman Moore about what happens to the money. I do not have the details of the question with me, but I recall signing off on it several days ago and I am surprised it is not available. I heard something during the course of the proceedings yesterday to the effect that the estimates supplementary information *Hansard* would be going to the

printer and would be available at some stage in the future, but in the meantime the material would be available on the Internet.

Hon Norman Moore: Are you saying there is a big answer to that question?

Hon N.D. GRIFFITHS: The question has been answered in some detail. Off the top of my head, I will give the Leader of the Opposition an idea of what was said in the answer. One hundred per cent of greyhound distribution goes into stake money; a substantial part, but not the whole amount, of the revenue from thoroughbred racing goes into stake money. Stakes would be lower than they otherwise would be if it were not for the payment. That is similarly the case for the Western Australian Trotting Association. Stakes in all three codes have increased as a result of the tax cuts. One hundred per cent of the money went to increase stakes in connection with greyhounds, and the particulars for the other codes are contained in the answer to the question asked by Hon Norman Moore. Clearly this process benefited the industry. It is my belief that it gave the industry a new sense of confidence - confidence that it otherwise would not have had.

I regret that the racing industry as a whole is not in as good a position as everyone would like it to be, but this Government has been very active in taking remedial action and looks forward to a prosperous racing industry. This Government has cut the tax. I tightened the terms of reference of the review so that we could deal with what was really affecting the industry; namely, that the operations of the industry were not proceeding appropriately. It was necessary to deal with the question of governance. The lack of appropriate governance of the industry is a primary cause of what I consider to be its dysfunction. As a result, we brought in the review in a timely way, well under budget, and the review recommendations were, in my view, very well considered. Following that, a great degree of consultation took place on my part to see what the response was to that review document, which I caused to be published in early November, notwithstanding that a federal election campaign was on. I was not concerned with politicising the issue; I was concerned to have people made aware of what was being proposed and to get feedback.

In respect of the member's comments about me consulting and dealing with the people in the industry, I invite him to talk to people in the industry. If he does, he will find that most people, whether they agree or disagree with me and the Government, have consistently expressed the view that I am a minister who gets out there and sees what is going on and consults widely. I would be very surprised if anyone who had any sense of what was going on would say anything to the contrary. I thank members for their support. In particular, I thank Hon Jim Scott for the best speech I have heard in this House since February 2001.

Question put and passed.

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