

Racing and Wagering Western Australia —

Mr I.M. Britza, Chairman.

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

Mr R. Burt, Chief Executive Officer.

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

The CHAIRMAN: As this is an off-budget authority, I need to make a statement. 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 May 2014. 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: I give the call to the member for Collie–Preston.

Mr M.P. MURRAY: I refer to the line item “Retail Outlet Upgrade Program” under “Works in Progress” on page 564. There is \$4.5 million in the forward estimates for 2015–16. Why is there government expenditure in this area when the TAB is getting ready to be sold?

Mr T.K. WALDRON: There are a couple of things in that question. That line item refers to the Race Wall project that Racing and Wagering Western Australia has run pilots of in four areas. Does the member know about Race Wall?

Mr M.P. MURRAY: Yes, I do.

Mr T.K. WALDRON: That is the big wall where people can get all the information on one wall. It seems to be extremely successful.

The member said that the TAB is going to be sold, but no decision has been made on the privatisation of the TAB. I will take the member through right from the start. In his budget speech, the Treasurer spoke about the government's decision to address the state's debt issues through the orderly sale of assets. Obviously, the TAB is one asset that could be considered. I am on the record as saying, and I will say it again—I have said it in this place a lot of times—that I would support the sale of the TAB only if it was in the best interests of the racing industry and the wider community to do so. Although that remains my position, as Minister for Racing and Gaming, I am, of course, aware that we do have to look at the interests of the broader state finances. The government has decided to undertake a strategic review of state-owned assets. That review is taking place and one of those assets is the TAB. No decision has been made on the sale of any asset; we need to let the review run its course and then government will look at those assets and make a decision.

I will say one thing and I will be quick because we have more questions. If, at some stage in the future, the decision was made to sell the TAB, as Minister for Racing and Gaming, I would make sure that I would argue for the recognition, the proper safeguards and the needs of the racing industry into the future. Over the past few years, I think I have demonstrated that it is about the interests of the racing industry.

Mr M.P. MURRAY: Is the minister aware that a lot of the TAB agencies are small businesses? What consultation has the minister had with those small businesses? Some have been up for sale and now there is no chance in the world of them selling while there are speeches advocating the sale, such as the one given by the member for South Perth to try to save his pre-selection along the way. That is about the agencies. I also wonder what consultation the minister has had with racehorse trainers and owners and the people who work in the industry. Have there been any big forums—not squeezed forums such as those I have been to where people are not allowed to speak up and if someone does speak up, they tend to get squashed down—or other forums held about the sale of the TAB?

Mr T.K. WALDRON: Since I became the Minister for Racing and Gaming, I have had discussions with RWWA, the controlling body of racing in Western Australia, and those discussions are ongoing. Over the term

that I have been minister, we have actually discussed the privatisation of the TAB. We looked at what happened in other states and what is in the best interests of racing in Western Australia. In fact—I am sure Mr Burt has said to me at times—if the racing industry thought that it was in the best interests two or three years ago, it would have said that to me. It has not said that. As far as updates and consultation et cetera with the industry go, that is done through RWWA. I consult with RWWA and it consults with the industry.

Mr M.P. MURRAY: I believe this is the case and Mr Burt can certainly correct me here, but is the minister aware that Western Australia's increase in TAB turnover has been six per cent, when the turnover in other states has been declining? Racing in South Australia is in a perilous state; it has collapsed due to the sale of the TAB. Also, some of the other east coast areas are concerned that they have lost money in real terms since the sale of their assets.

Mr T.K. WALDRON: I am fully aware of that and that is why I have said in this place that it should be sold only if it is in the best interests of racing or the wider community. Members have to remember that the sale of the TABs in those other states, particularly in Tasmania and South Australia, was not good. It was a bit different in the other states because of the link to the deal done with poker machines. We do not have poker machines here and, as long as I am minister for gaming and the Premier is Premier, that will not happen. I think that there is bipartisan support for that. I am aware of the traps for it; yes, I am also aware that we have been doing very well in the wagering area. There are lots of challenges and threats from overseas, corporates et cetera. We have made some small changes to assist in that, particularly in the area of professional punting, which has given quite a boost to our TAB operations and been a benefit to racing. That is why I always refer to RWWA to advise me. If it thinks it is not in the best interests to sell the TAB, it will advise me of that. At this stage, it is probably a "no" from the racing industry; however, as a member of the state government, I always have to look at the overall finances, the taxpayers and the wider community. We have to go through that process. If, at some point, a decision was made that it was in the best interests to sell the TAB, I would do my damndest to make sure that the racing industry had protection built in to any such sale. There are different ways that that could take place, but I think that we need to be very careful if we go down that path.

Mr P.B. WATSON: I was a member of the committee that reviewed RWWA. We, including the member for South Perth, went to all the states. The member for Collie-Preston was there.

Mr M.P. MURRAY: I would never go.

Mr P.B. WATSON: Was the member not there? Everywhere we went, people said, "Don't sell your TAB. We went through it all here and found all the pitfalls." Whatever the minister does, he should not sell the TAB. The minister needs to stand up in cabinet to try to support the racing industry. I think everyone here realises how much racing contributes to a community such as my own in Albany and the great southern and how much employment it provides and the flow-on effect across the whole region. If the government does sell the TAB, I think it will be the downfall of racing in Western Australia.

[12.40 pm]

Mr T.K. WALDRON: I agree with the member. A year or so ago, if the member remembers, RWWA did an economic audit of racing in Western Australia. We had a function here. It provides, I think, about \$600 million in economic benefit to the state. I know that a lot of people do not put a high value on racing, but when we consider the impact of racing in, for instance, the wheatbelt and the amount of employment and the people involved, it is a big part of our life and I would hate to see that go. When I go away, I, too, get told, "Don't sell your TAB." I would put a rider on that: New South Wales and Victoria, which have poker machines, are able to do that and the industry is supported. If we were to sell the TAB here, which may not be the decision made—no decisions have been made—in my position, I would do my best to ensure that we have safeguards to maintain the industry. If we just sold the TAB and did nothing to provide for the industry, there is only one place for the industry to go—and that is to the government. The government has to really look at that closely, because there is now, and then there is the next 20 years.

Mr P.B. WATSON: I refer to page 564 of the *Budget Statements*. Can the minister tell me the total cost to run Racing and Wagering Western Australia on a yearly basis?

Mr T.K. WALDRON: I do not have that off the top of my head, but I will ask the chief executive officer, Richard Burt, to answer. He has all those figures.

Mr R. Burt: The cost to run the racing side of Racing and Wagering Western Australia is \$17 million, and the overall cost, including that \$17 million, is \$133 million. That is a forecast for 2013–14. Included in that amount is close to \$14 million in non-cash depreciation. That includes direct costs, agency commissions, indirect costs and depreciation.

Mr J.E. McGRATH: What does it cost to run the TAB side of it?

Mr T.K. WALDRON: I will just point out while I have the opportunity before we answer that question that the distributions that RWWA has delivered to our codes have gone up significantly in the last three years. I want to take the opportunity to congratulate it for what it has done, because it is key for the industry. When I became the Minister for Racing and Gaming, there were real issues in that area. RWWA has done a great job and we have assisted it with concessions.

Mr R. Burt: The actual costs of wagering are \$133 million, less depreciation, being a non-cash cost, and less \$17 million. It is around \$100 million to run wagering in direct and indirect costs. Taxation will be \$70.6 million in our forecast for 2013–14.

Mr T.K. WALDRON: There is goods and services tax in there as well.

Mr R. Burt: We have to remember that out of that overall \$133 million, of which \$17 million is to run stewarding and racing, we have a fairly sophisticated business in that we run off-course wagering and pay agents' commissions in the order of about \$33 million to our pubTABs and SL 1 full-time agencies, and we also provide the on-course facilities. Out of those costs, we also heavily subsidise the running of racing venues. We pay the product fees, pooling fees and technology costs of the 55 race clubs around the state. When Racing and Wagering Western Australia was put together, the first full year of operation did not have all of those acquired costs built in. The principal racing authorities, the old Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Association, ran the governance of racing. In the first couple of years of RWWA being put together, those costs came together at a central point and have been made more sophisticated, if you like. There was no redundancy for racing systems, and we have increased expenditure on integrity and around our wagering capabilities. To give an idea of how that cost escalation has occurred in the last five years, it has grown by 10 per cent in five years, so there has been very good management of costs over that period.

Mr P.B. WATSON: If the TAB were sold, does the minister have a ballpark figure of the sort of money that would come back to the government?

Mr T.K. WALDRON: No—and I will not speculate on that, because it would be rather irresponsible of me to do so. We have not made a decision; it is just going to be looked at. Obviously, we will look at those figures. I know RWWA will provide me with advice on it, and I will provide that advice within government from the point of view of RWWA and the racing industry—and generally in being open. The Premier and I met with RWWA. RWWA gives the Premier updates every 18 months or so to keep him informed on the racing industry. Once I get that information from RWWA, I will provide that, if the government is going to look at the sale.

Mr P.B. WATSON: I refer to page 564 of the *Budget Statements*. It has recently been stated that the Australian Football League and other sports in Australia could be targets for corruption from Asian sporting syndicates. Is there anything in place or any overseeing project to look at what could happen or what has happened in the past?

Mr T.K. WALDRON: Is the member talking about sport and betting, particularly match-fixing and that type of thing?

Mr P.B. WATSON: Yes.

Mr T.K. WALDRON: There is a national policy on match-fixing in sport, to which Western Australia is a party. There is agreement on six points to clamp down on match-fixing. The government has agreed to all six points. Some of the states have changed their legislation to address this agreement. In Western Australia, there is already legislation that covers the six points. I sought advice from the State Solicitor's Office and the Auditor General to ensure this. I met with the federal minister, because he was concerned that Western Australia did not have new legislation, and I pointed out that we do not require new legislation because it is already covered. We are in front on that side of things. I am comfortable, having referred the issue and had it double-checked. The agencies have double-checked it with the Auditor General and it was discussed at a meeting of all state Auditors General. From the point of view of racing, Richard Burt might want to make a comment. I think sport has a lot to learn from the racing industry. I think the steward system and the way racing has held its integrity in Western Australia and been serious about the issue are things sport can learn from the racing industry.

Mr R. Burt: We have direct integrity agreements with the AFL, National Rugby League, Soccer Australia, Cricket Australia and all the major sporting clubs. In fact, there is a coalition of all wagering operators in Australia—corporate bookmakers, TABs and betting exchanges—whereby we work proactively with those sporting associations, because the threat coming out of those other countries is real and it is only going to get harder. The minister is quite correct that sports are acknowledging that there are a lot of good learnings from the racing industry on how to better manage integrity in sports.

Mr T.K. WALDRON: Although Ron Alexander is not here, the Department of Sport and Recreation recognises this issue and has conducted three information forums for our key sporting associations about these issues—to update them and advise of their responsibilities et cetera. We expect to do another two in the next 12 months. We are assisting our sports to establish a relationship with the Department of Racing, Gaming and Liquor and Racing and Wagering Western Australia so they understand the issue better. Four of the most at-risk sports have been involved—soccer, AFL, netball and volleyball. From the sporting side, along with the racing side, we are working together to ensure that we are on top of it. Integrity in racing is the ultimate. Once integrity in racing is lost, it is in big trouble, and it is the same situation with sport. One of my fears is that we start losing integrity, which has happened to a certain degree, and I think locally and nationally we are trying the best we can to counter that.

[12.50 pm]

Mr J.E. McGRATH: I was wondering whether the minister could give me an update on the racing industry infrastructure grants program. I believe that is the one that was linked to the money from Burswood, which was put in place some years ago. Also, I notice that an amount of \$6.8 million has been allocated for other works. Does Racing and Wagering Western Australia get any money from royalties for regions; and, if so, can the minister tell us how much?

Mr T.K. WALDRON: The racing infrastructure grants were established back in 2010–11, I think. The amount we had then was \$13 million. On royalties for regions, I negotiated with Hon Brendon Grylls. We saw the importance of racing in the country. A lot of our small clubs, in particular, had trouble meeting the requirements for them to contribute et cetera. We looked for a boost—we called it a boost—from royalties for regions. That \$6.6 million was the boost. So, we have had just under \$20 million from 2010–11. In that time, we have funded 184 racecourse infrastructure grants, totalling \$12.4 million, and \$2.76 million of that \$12.4 million has been royalties for regions funding. We still have funding to keep going. Although it is limited in that we cannot replace a Bunbury track or do the major works, under the occupational health and safety requirements that we had to meet, we were able to provide the railings for all our country clubs et cetera. They were very cooperative. They helped us with that by pretty much installing them themselves, but we were able to provide that through these grants. I think that the race clubs of most members here would have received grants. I actually have a list of the grants here somewhere. I will not go through them all, but they are quite wide ranging, and they have been very well received. We will continue that grants program to expend that money. The members for South Perth and Collie–Preston recently went on a trip to Asia. Everywhere we go—I went to New Zealand this year—the number one issue for racing is infrastructure. The cost of infrastructure is going to be a real problem going forward. This fund helps. It is not the be-all and end-all, but it has really enabled us to do a lot of good things for our racing clubs, both metropolitan and country, and I know it is highly appreciated.

Mr M.P. MURRAY: This question may be ruled out of order; I am not quite sure. It is about greyhounds, and we could certainly have another section on greyhounds. Because RWWA, in its financial statements, has committed moneys to the Cannington greyhound track, what moneys have been committed by the government to match that money from RWWA? If the government has not done so, how will the process go forward and what studies have been done to look at having a greyhound track in the south west?

Mr T.K. WALDRON: I will answer the last bit first. It is my opinion, and I think the opinion of RWWA and the industry itself, that greyhound racing in Perth is really, really important. I agree with that. We would love to have more greyhound tracks, but at this stage my focus is really on making sure we address issues at Cannington. Obviously, we have tracks at Mandurah and Northam for running greyhounds. I will take the member through the information on the Cannington venue. I consented in principle to the Western Australian Greyhound Racing Association entering into a lease with the Cannington Agricultural, Horticultural and Recreational Society for the vacant block of land behind the existing track. We will have to move in July 2015 because we have tenure only until 2015 where we are now located. I formally consented to WAGRA entering into that lease. That followed a scaling down of what WAGRA originally wanted to do and WAGRA and RWWA agreeing that they would jointly fund the first stage to take it to at least training and trial standard. As the member knows, they have committed to do that. I was hoping to get funding for the actual building in this year's budget, but I was not successful. I am disappointed with that. However, I am now looking at other options under which we might be able to do a facility at Cannington. In the meantime, there will be a period when we will not be able to have any races at Cannington and we will have to utilise the Mandurah and Northam tracks. Our total aim is the re-establishment of full racing at Cannington, and that is what I am working on right at this moment. Yes, I am disappointed that we did not get the funding in the budget. However, I am looking at some other opportunities so that we may be able to realise that project.

Mr M.P. MURRAY: Having heard that and understanding the financial constraints, it is my belief that the proposed “new” track will be of a lesser standard and will have a lesser capability of holding the crowds that now support that industry.

Mr T.K. WALDRON: No, I do not agree with that. I think that the new track and the building to go with it, if I can secure the funding for that building, will be fine. We have to remember that most of the dogs are located in the south east corridor of Perth. We have looked at other options over the years. Gloucester Park was looked at and a new area was looked at, but, along with RWWA, we have made the decision to support racing at Cannington.

Mr M.P. MURRAY: I will expand on what I am saying. My understanding is that the grandstand will be smaller. I am talking about facilities for the actual punter who goes there and supports those races. The government is going to build a \$1.2 billion stadium for football, so it will increase the size of the seats for our backsides and all those sorts of things. My understanding—I can be corrected—is that this facility will be no better in real terms than the existing facility.

Mr T.K. WALDRON: No, I do not agree with that. I think it will be a lot better. The existing facility is tired, old and run down, and I do not think it is producing for the greyhounds as it should be. I believe that a new facility would certainly do that. It is not so much the size of the facility; it is what is in the facility and how it can be operated. The facility at the Pinjarra Trotting Club is a great example. That cost \$3.5 million, and it is a fantastic facility.

Mr M.P. MURRAY: It is about time they went back to night trotting.

Mr T.K. WALDRON: We plan to build a facility, in collaboration with RWWA and WAGRA, that is cost effective. The facility is old now. I remember going there when it first opened. I was playing football for the Claremont Football Club; that is how long ago it was, member.

Mr P.B. WATSON: I cannot remember back that far!

Mr T.K. WALDRON: It has done a great job. If only we could have got a decent runner in those days, we might have had some success!

Mr P.B. WATSON: If the minister had listened to what the runner said, he would not have had seven goals kicked —

The CHAIRMAN: Thank you, members! Will the minister conclude, please. We have two minutes left.

Mr T.K. WALDRON: It is a fair question that the member asked. I am disappointed that I could not get that funding now to get on with it, but I am looking at other areas. I hope to be able to do that. We are not going to build a big Taj Mahal; we will build something that will make a return. It is like swimming pools. We have to be careful that we do not build something that will put a noose around our neck. It will not be a bad facility; it will be an excellent facility. Have a look at Pinjarra.

Mr M.P. MURRAY: I have half a minute, minister. If the minister is not able to get alternative funding, for how long will that track be shut?

Mr T.K. WALDRON: I cannot answer that at this stage, because if we did not get the other funding over a period, the track would be shut for a longer period—it will not be shut, because there will still be trialling and training at that track, but there will not be any racing there unless we find that other funding. There will be a certain time, but I want to try to ensure that that time is as short as possible. I cannot give the member definite times at this stage.

The CHAIRMAN: Thank you, members. Due to the time, that completes the examination of Racing and Wagering Western Australia.

Meeting suspended from 1.00 to 2.00 pm