

Chairman; Mr Brendon Grylls; Mr John McGrath; Mr Mark McGowan; Mr Trevor Sprigg; Mr David Templeman; Mr Norm Marlborough; Mr Mick Murray; Mr Murray Cowper

Division 51: Racing, Gaming and Liquor, \$94 312 000 -

Mr P.W. Andrews, Chairman.

Mr M. McGowan, Minister for Racing and Gaming.

Mr B.A. Sargeant, Director General.

Ms D. McLauchlin, Director Corporate Services.

Mr T. Ng, Principal Accounting Officer.

The CHAIRMAN: Members, before we start, if at some stage members are getting close to asking sufficient questions, I would like to get the permission of the committee to ask a couple of questions. I have already spoken to the member for South Perth, and he seems to agree. If it is okay, I will ask a couple of questions later in the session.

Mr B.J. GRYLLS: Will you refer to the line item, Mr Chairman?

The CHAIRMAN: I will indeed refer to the line item.

Mr J.E. McGRATH: The second dot point on page 890 refers to awareness campaigns informing remote communities of alcohol-related harm which are seeing increases in liaison between the Director of Liquor Licensing and remote communities to assist in implementing strategies to reduce alcohol-related harm. How is that awareness campaign going, especially in places like Meekatharra, Newman, Halls Creek, Derby and Port Hedland?

Mr M. McGOWAN: I thank the member for the question. This is a serious issue, particularly in the north west of the state. As everyone knows, alcohol abuse can be very destructive in any community, but it has had a very destructive effect on a number of Aboriginal communities in the more remote parts of Western Australia. The former Director of Liquor Licensing, Mr Hugh Highman, who retired recently, conducted a number of what we call section 64 inquiries in Port Hedland, Nullagine, Meekatharra, Newman, Halls Creek and Derby. Those inquiries were to look at the existing restrictions on the sale and promotion of alcohol in those communities. Initiatives are often tailored to each community that are designed to reduce alcohol consumption and perhaps the hours of alcohol consumption, the types of packaged liquor that are able to be bought and the various times when they are able to be bought. Those initiatives have found, according to various analyses, including the section 64 analysis, that, by imposing those restrictions, the deleterious impact of alcohol on the communities can be reduced. That particular dot point is referring to an analysis of the restrictions that are in place and whether they should be continued. The analysis conducted by the Director of Liquor Licensing found that, in all cases, restrictions were leading to a decline in crime, such as assaults and burglaries, a decline in hospitalisations and a decline in the attendances of drunk persons at sobering up centres. They work, and they are certainly something that I support. As a government, we are keen to put in place, especially with the support of communities, further measures to reduce the impacts of alcohol.

Mr J.E. McGRATH: Will the Freemantle report into the Liquor Licensing Act take that problem in country areas into consideration? Has the report been lodged with the minister? Will it be released for public comment? When does the government expect to act on that report?

Mr M. McGOWAN: The Freemantle report is the result of an inquiry into the Liquor Licensing Act. It was set up last year. Mr Jim Freemantle was on the committee. He is well known to a number of members in this place. He is a very capable and competent person. Other members were Mrs Wendy Silver, Mr George Bray and, as its executive officer, Mr Peter Minchin from the staff of the director general. What happens to liquor laws in this state is obviously a sensitive matter, and it has been a sensitive matter for a long time. I have received the report, but I have not yet taken it to cabinet. I will take the report to cabinet before I say or do anything in relation to that report, so that we can come up with a government approach.

Mr J.E. McGRATH: Will it be released for public comment?

Mr M. McGOWAN: As I have said, I will take the report to cabinet, and cabinet will work out an approach on the matter.

Mr T.R. SPRIGG: Referring to the same point of awareness campaigns about alcohol-related harm, in the town of Port Hedland one hotelier that I know of has been instructed to close his bottle shop on a Sunday because of the harm generated by sales to, I guess, the indigenous population. At various times in the north west, there have been movements by certain people to say that this is not the biggest harm day, but the biggest harm day is the day on which the Aboriginal population receives its pensions. It is a fair point to make that it might be better for Wednesday or Thursday to be the days on which restrictions are placed on the sale of takeaway alcohol. Has the director general considered this particular approach.

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Mr M. McGOWAN: I will let the director general answer that question.

Mr B.A. Sargeant: I have not brought with me a detailed analysis of the decisions by the Director of Liquor Licensing. He is statutorily independent of the minister and of me. All I know is that he has considered the total situation in Port Hedland. Based on submissions from police and others, he has decided to maintain the restrictions that he imposed some time ago.

[4.10 pm]

Mr T.R. SPRIGG: I think this was tried in Derby some time ago where there was a threat of legal ramifications from the multinationals involved. Can I be assured that it has not had an influence on this decision?

Mr M. McGOWAN: My advice is that no threats have come from any multinational corporations.

Mr T.R. SPRIGG: There was at that time, I can guarantee it. I can provide documentation.

Mr M. McGOWAN: We are unaware of them. The member for Murdoch might like to bring them to my attention.

Mr B.J. GRYLLS: It is not just in the north but also in my electorate. The other concern is that many of the supermarkets are opening at nine o'clock. It is not like a pub opening at lunchtime, over which practice the police have some control. It is a different matter for supermarkets that open first thing in the morning and sell packaged takeaway liquor. Kellerberrin has imposed its own regulations by refusing to sell alcohol before lunch. That might also be considered as the minister acts on this very serious issue.

Mr M. McGOWAN: The question about the opening hours of liquor stores and hotels is a technical matter. I will ask the director general to answer that question. The government established a liquor licensing regime. We do not regulate many products to any degree but alcohol is a drug that we regulate. Throughout the history of this country, various mechanisms have been implemented for regulating alcohol stretching from very little regulation - for example, there is not much in the way of regulation in some of the eastern states - to the 1930s when we tried to prohibit the consumption and sale of alcohol. We need to focus on minimising harm associated with the sale and consumption of alcohol. That is the principle under which the government operates. At the same time, we acknowledge that hotels, restaurants and bottle shops must make commercial decisions about their trading hours. The government acknowledges that they have a right to try to survive in a commercial environment.

Mr B.A. Sargeant: Trading hours for liquor stores are from 8.00 am to 10.00 pm, six days a week - they are not open on Sundays. Hotels can open at 6.00 am and close at midnight and, therefore, it is a commercial decision whether they open in the mornings. As a result of some inquiries, particularly in the north, some conditions have been placed on licences, under section 64 of the Liquor Licensing Act, to set the time liquor stores can open. That can happen in any licensed area in Western Australia provided a case is brought before the Director of Liquor Licensing to consider.

Mr M. McGOWAN: In other words, if the member has a concern, he should put it in writing to the attention of the Director of Liquor Licensing.

Mr D.A. TEMPLEMAN: Reference is made on page 890 to conferences being held for ministers to discuss this topic. One of the other issues is the actual packaging and advertising of alcoholic beverages. The National Drug Research Institute, for example, has highlighted increased alcohol abuse by young women from one per cent in 1998 to 10 per cent in 2001. The institute is attributing part of the reason for that to alcohol marketing and the arrival on the market of alcopops and those other beverages marketed in brightly coloured packages. There is concern that they are attractive to not only young adults but also people under the legal drinking age. Is this issue discussed at those sorts of conferences? Is there any move to regulate that aspect of liquor? We regulate cigarette advertising, and many states have imposed severe restrictions on the display of cigarettes. Are the government and ministers nationally moving towards a collective approach to the issue of alcohol packaging and advertising?

Mr M. McGOWAN: I thank the member for the question. There is no such thing as a liquor minister's conference. There is a Conference of Australasian Racing Ministers. I have never been to one, although I suspect liquor is fairly high on its agenda! The member raised the very important issue of packaging and promoting alcohol-related products, which are designed to tempt people to consume more than they otherwise would. Under the Liquor Licensing Act we have no capacity to outlaw these products. However, I understand submissions have been made to the Freemantle review and the government will consider them.

Mr D.A. TEMPLEMAN: Other concerns are the alcoholic content of these drinks and the cost of them. I will make a grievance to the minister in the future. Recently, I purchased a six-pack of UDL vodka and orange - it tastes horrible - which was advertised for sale for as little as \$11. That means that one can of that alcohol costs

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less than a can of soft drink. It is an issue that must be taken up because it is a real problem. The minister has answered my question.

Mr M. McGOWAN: As the member said, I have heard that some of those liquor products are designed to have a lolly-type appeal. The member for Girrawheen brought one to my attention recently that looked like cordial and contained port. Apparently there is an alcoholic beverage available called alcohol without liquid, marketed under the acronym of AWOL, which is designed to be inhaled. These sorts of products are non-traditional products. The one that concerns me the most is the one that has a connection with lollies because it has a connotation for children. We cannot outlaw that now, but we will certainly look at it.

Mr T.R. SPRIGG: The promotion and sale of some of these products are restricted under section 64 of the Liquor Licensing Act. As a result, retailers tend to leave them alone. The industry is very much of one mind on the inhaling; it does not condone that.

Mr M. McGOWAN: As the member rightfully pointed out, that restriction applies in certain areas of the state.

Mr J.E. McGRATH: I refer to outcomes and key effectiveness indicators on page 892. Reference is made to the promotion, monitoring and enforcement of responsible and lawful gambling and liquor services in accordance with the legislation. In view of the financial problems faced by the many sporting clubs around Western Australia, has the minister been approached about allowing keno into pubs and clubs. If not, would he entertain that possibility, given that both sides of this Parliament are opposed to poker machines being allowed in pubs and clubs? Is there a possibility that the minister could entertain that idea, which could be linked to the Burswood Casino? Has any money been put aside to consider such a possibility?

[4.20 pm]

Mr M. McGOWAN: As the member knows, our policy on poker machines is fixed and will not change. Western Australia's approach to poker machines in hotels is unique among all the states. Most people would think that that is a good policy. Keno is a product owned by Burswood and under the Burswood Island agreement, Burswood has the rights to the product. It is up to it what it does with that product. If it wanted to expand it beyond Burswood, under the agreement act it would need the government's approval.

Mr J.E. McGRATH: But it is played in other states. I believe a game like keno goes into pubs and clubs.

Mr M. McGOWAN: That is right.

Mr B.J. GRYLLS: I refer to page 892, licensing - evaluation and determination of applications. My question also refers to the third dot point under significant issues and trends at page 890 which refers to the emerging trend of suburban hotels rationalising operations from entertainment consumption back to packaged liquor. I raise an issue for the minister's attention; that is, that more and more supermarkets in country areas are applying for licences to sell packaged liquor. Given that the trend is for hotels to make more of their turnover out of selling packaged liquor, it is a very concerning trend when a licence is granted to a supermarket to sell that packaged liquor. It can take away turnover for the hotel. I raise that point because hotels are very important icons in our country communities. Managing to maintain their buildings and their place in the community is difficult for them and if they loose market share to the supermarkets, it will have a very detrimental effect on them remaining viable concerns.

Mr M. McGOWAN: The Director of Liquor Licensing looks at these things and he decides whether it is subject to appeal to the Liquor Licensing Court. Also, he decides whether an application would be successful based on a current test, which is based on need. There are a range of counter-arguments, as the member is aware. A number of the member's constituents probably would like a bit of competition in relation to where they purchase anything, whether it is alcohol or whatever. If there is one shop in the town, the prices will be more expensive than if there are two. The countervailing argument the member puts relates to there being some social utility in the pub that is able to retain a monopoly or a greater market share. The member might be right that it allows the pub to perhaps provide more services. The general trend in Australia for most products is that, if one creates a diversity of outlets, then one frees up competition and generally drives down price and consumers benefit. There are a few arguments there, but as a passionate supporter of free enterprise, for which the National Party is well known, the member might have a conflict in his head about that.

Mr B.J. GRYLLS: This is important. Wongan Hills has an appeal happening at the moment. A new supermarket complex has been built and the supermarket has applied for a liquor licence. Probably one of the better pubs in my electorate is at Wongan Hills. A vast majority of the pub's turnover is through the bottle shop. If the licensee loses half of that - if the minister believes what he says, there would not be a one airline policy for Geraldton. We know that if we open up Geraldton to airlines, none of them would fly that route and we

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would not have an airline servicing Geraldton. I make the same contention for liquor outlets and two in Wongan Hills would mean that both of them might not work and the community would have nothing.

Mr M. McGOWAN: In the case of Geraldton, it probably would work. It is the inland routes that would not.

In relation to the member's contention about Wongan Hills, if he wanted to make a submission to the Director of Liquor Licensing on this matter, he would welcome it. I am removed from the process. An administrative and legal process takes place and it is up to the community to have an input into that.

Mr J.E. McGRATH: I refer to page 900, Racing and Wagering Western Australia's capital work program. Reference is made to the customer focus electronic information terminals and to the purchase of self-service betting terminals. The budget allocation is \$12 million and this financial year the budget estimate is \$5.2 million. When will the first of these terminals be in operation and where is it intended that they be placed?

Mr M. McGOWAN: As a supporter of the industry, one has to consistently look at new ways of doing things. As the member for South Perth would be aware, if the industry does not continue to change, upgrade and improve it will go backwards. Racing and Wagering Western Australia has put in place a trial of 20 of these self-service machines in some totalisator agency boards in the metropolitan area. Basically, it involves placing a bet on a computer terminal. At present when one places a bet he fills out a betting slip and takes it to the counter where it is put into a machine. It is then assessed electronically and then he awaits the outcome of whichever event he has placed his bet on. If he is successful, he takes his slip to the counter and receives a payment. With these machines a person places his bet electronically by keying in the horse or dog -

Mr J.E. McGRATH: I have used them at Flemington.

Mr M. McGOWAN: Did the member like it?

Mr J.E. McGRATH: It was good.

Mr M. McGOWAN: The person placing the bet through the self-service machine receives a slip and, if he wins, he takes it to the counter and receives a payment manually. There are 20 machines in the community. The trial concludes in October and then the director general will report to me on the success or otherwise of the trial in November. I am not saying that we will or will not do it. I will await the outcome of the trial. I make the point that if the industry was still operating without computerisation it would not exist any more.

Mr J.E. McGRATH: While I think the machines are very good in TAB agencies and on racetracks, especially in busy times, will the minister give a guarantee that these machines will not appear in pubs, clubs, shopping centres and malls?

Mr M. McGOWAN: There are TABs in some pubs now. It is a very important part of some hotels.

Mr J.E. McGRATH: I meant places that do not have existing betting facilities.

Mr M. McGOWAN: I do not think they would go anywhere where there is not a TAB.

Mr J.E. McGRATH: Or a place where one can collect. It would have to collect the ticket.

Mr M. McGOWAN: TABs allow for customers, particularly on busy days - Saturdays or Sundays - to place a bet and not have to line up. These machines allow for less frustration among the customers. I find it very unlikely they would be placed anywhere other than in a TAB or PubTAB. We will await the outcome of the trial. I do not want to rule anything in or out because there might be an extraordinary circumstance somewhere, but I find it unlikely.

The CHAIRMAN: I do not know whether the minister attended the meeting of ministers in March. I am not sure whether he was sworn in at that stage. Obviously the issue of betting exchanges was raised. There needs to be a national approach. What initiative is the federal government taking in regard to betting exchanges?

[4.30 pm]

Mr M. McGOWAN: As you would be aware, Mr Chairman, betting exchanges are in existence in Britain. The betting exchanges in Britain are run by an organisation known as Betfair, which is located at the Embankment in London. Betfair provides an opportunity for people to bet on a horse or a greyhound to win or to lose. Once we provide the opportunity for people to gamble on a horse or a greyhound to lose, we put the integrity of the industry under threat. Britain is now importing Australian expertise to try to remove that threat to the integrity of the industry. It is interesting that the integrity of the industry in Britain has been called into question since this arrangement has been in place. It is the unanimous approach across the states, with the exception of Tasmania, for reasons we are unable to determine, that we do not want the Betfair system to come into this country. There are three reasons for our opposition to Betfair. Firstly, it poses a threat to the integrity of the industry. Secondly, because individual clubs do not receive the proceeds of their race meets when people bet

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through Betfair, there is no revenue return to the industry. Thirdly, because the government does not receive any taxation revenue from Betfair, it is unable to make grants to the industry and provide assistance to the industry in the form of tax cuts. Therefore, all the states, with the exception of Tasmania, are unified in their opposition to Betfair. We have sought the agreement of the commonwealth government. The commonwealth government has legislated, though the Interactive Gambling Act, on online casinos. However, for reasons we cannot determine, the federal government has not agreed to intervene on this issue. The commonwealth has the capacity to act under the Interactive Gambling Act, and it has done so with regard to other forms of gambling, but it is not willing to do so for the racing codes. I have written to the federal minister. The former minister has written to the federal minister. There has been a range of resolutions on this matter at the Conference of Australasian Racing Ministers. However, if the federal government does not act, the prospect exists that these nefarious sorts of activities will be able to be imported into the state online and we will not be able to stop them.

Mr T.R. SPRIGG: Has any thought been given to the minister perhaps leading the way at the Conference of Australasian Racing Ministers about having a national totalisator? That has been mooted for a long time. Does the minister think that will be a possibility in the future, or is the New South Wales Totalisator Agency Board too strong? There will obviously be great economies of scale if this can be implemented.

Mr M. McGOWAN: I will ask the director general to provide an answer to that question.

Mr B.A. Sargeant: The takeover of the New South Wales TAB by Tabcorp has the potential to create just two pools in Australia. At this stage the New South Wales government has expressed some concerns about letting in SuperTAB - of which Western Australia is a part - because it will allow bookmakers in some states to bet at tote odds. It is concerned that this will undermine the integrity of betting, because bookmakers do not need to form a book; they just offer someone four or five per cent better than tote odds. New South Wales is basically holding up the ability for the Victorian SuperTAB pool to form part of a New South Wales, Victoria, Tasmania, Australian Capital Territory and Western Australia pool. The other pool is Queensland, the Northern Territory and South Australia. The New South Wales Tabcorp pool will be substantially larger than the Queensland pool.

Mr J.E. McGRATH: Would that not make it more difficult for bookmakers to compete? On Melbourne Cup day, when there is a massive pool, the bookmakers generally cannot compete on the totes with the favourite for the Melbourne Cup. The bookmakers normally find it harder to compete when there is a massive pool.

Mr B.A. Sargeant: The member for Murdoch asked a question about having one national pool. That is what I was answering. I was not answering a question about competition.

Mr J.E. McGRATH: I was talking about one national pool. I think that would be a very good idea. The minister said New South Wales has a problem with it, because it is worried that the bookmakers will be able to offer better odds.

Mr M. McGOWAN: I will ask the director general to answer that question.

Mr B.A. Sargeant: The issue in New South Wales is particularly with the Northern Territory bookmakers, because rather than form a book, the Northern Territory bookmakers just say to a customer that whatever the tote odds are from New South Wales or Tabcorp, they will give them five per cent more. That means people will always go to a bookmaker rather than bet on a tote.

Mr J.E. McGRATH: I thought the director general was talking about on-course bookmakers.

Mr B.A. Sargeant: No.

Mr N.R. MARLBOROUGH: I listened carefully to the minister's answer to the Chairman's question, and to the concerns that he raised. I believe that, in light of the federal government's approach to this matter, which is not to act in accordance with the wishes of the states, other than Tasmania, we should have a fall-back position. I agree with the minister that the integrity of our product is paramount. That is what keeps the industry going. If the industry loses integrity, we can forget it. Setting that aside, there should be some guidelines by which the government could legislate to ensure that the integrity of the industry is kept intact. Perhaps the fall-back position should be that if the federal government will not act - it is its legislation - the state government should take a different position from the one it is taking at the moment and apply, as we do with a lot of other industries, a rate for the bookmakers to be in business. We set fees for the mining industry. We set fees for other forms of gambling in which the private sector is involved. As I understand it, although the federal government is taking the position that it is taking, that does not prevent me from sitting in my living room and betting with the types of organisations that we have been talking about. What is happening is that the big punters are going where the big money is, and the states cannot do anything about it. Would we not be better off taking the position that if the federal government will not act, and if it is going to happen anyway, we should put in place a royalty or

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taxation regime, and appropriate legislation, to give us the protection that we need to preserve the integrity of our industry?

Mr M. McGOWAN: I thank the member for the question. The current position is that while these organisations are based overseas - they are currently based in London - it is against the law to bet with these organisations. The problem will be if they get into Tasmania, for instance. All the states, with the exception of Tasmania, are unified in their approach to this matter. I think Tasmania is feeling a great deal of pressure from Victoria and New South Wales. Despite the fact that their governments have similar complexions, various pressures are being placed on Tasmania with regard to this matter. One of those pressures is that Tasmania may not be allowed to be part of the national pooling arrangements. Our approach is to hold the line. If and when Tasmania does go down that path - I do not think it will - we will consider what we can do. There are two approaches. One is to do as the member is suggesting. The other is to amend the law to make it an offence to bet with an operator that is based outside of Western Australia. That may run into some constitutional difficulties, but that is the other approach we could adopt and are most likely to adopt.

[4.40 pm]

Mr J. McGRATH: My next question relates to expenses on page 898 of the *Budget Statements* and the grants to Racing and Wagering Western Australia. I see two allocations for the 2005-06 budget estimate and the 2006-07 forward estimate of \$10 million each. Where does that \$20 million come from; is it consolidated revenue? Second, how much of that funding will go to the Lark Hill training complex?

Mr M. McGOWAN: I thank the member for the question. I am surprised the member for Peel did not ask it.

Mr N.R. MARLBOROUGH: We have been tick-tacking!

Mr M. McGOWAN: Good. The funds come from consolidated revenue. As the member would be aware, in the lead-up to the state election, the government made a commitment to the racing industry of almost \$45 million over four years. This comprises two grants of \$10 million each for capital works, and tax cuts for the industry to move from the current mechanism for assessing the tax, which is the Totalisator Agency Board turnover tax, to a tax based upon profit. That change will kick in on 1 July 2007. Therefore, in each financial year from 2007 onwards the industry will have a growing tax cut as this tax will be based on profit and the tax cut will increase over time. The member referred to two grants of \$10 million for capital works in relation to Lark Hill and principally regional Western Australia. A master plan process is under way for various parts of the state. I have invited the Leader of the National Party to be involved in the planning process in relation to Northam. From memory, the areas involved are Albany, Kalgoorlie, Geraldton, Bunbury, Northam, Pinjarra and Lark Hill. It is \$20 million from the state, plus \$6 million that RWWA will provide from its revenue. That will be \$26 million over two years. The capital works master plan process has started. Members of Parliament are involved. The member for Peel will assist me in relation to Lark Hill and the member for Avon in relation to Northam. I invite the member for -

Mr J.E. McGRATH: South Perth? I thought the minister was going to invite me.

Mr M. McGOWAN: I meant the member for Murray.

Mr J.E. McGRATH: The first racetrack ever in Western Australia was, I believe, in South Perth, before they found the land was too valuable for that purpose.

Mr M. McGOWAN: The first racecourse in WA was in my electorate at Garden Island.

Mr J.E. McGRATH: It was on the beach.

Mr M. McGOWAN: We will go through the master plan process. I expect a significant sum will be spent on Lark Hill, but I do not have the figure at hand. We must work out the costs on Lark Hill.

Mr J.E. McGRATH: I ask one more question on Lark Hill; I know the member for Peel is very interested in this matter. Does the minister see Lark Hill as possibly becoming the third metropolitan racetrack in Western Australia at some time in the future?

Mr M. McGOWAN: Yes - at some time in the future.

Mr J.E. McGRATH: Can the minister elaborate?

Mr M. McGOWAN: The industry will have a lot to say about that matter. I have had discussions with various people in the industry. It is a long-term program. If the industry keeps going in its current manner, pressure will apply to tracks, especially as our tracks become damaged if they are used too often and because of waterlogging effects at the current two metropolitan tracks. Therefore, overflow tracks are needed. Lark Hill will be pretty important in that regard.

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The CHAIRMAN: In his answer a moment ago, the minister referred to taxation. It was a great step forward to cut taxation and to change the method of calculation. I phoned just about every member of Parliament and whinged and whined and got in their ears to support that change. What has been the effect so far of that change, and what specific policy direction will flow from it?

Mr M. McGOWAN: The government has done a number of things for the racing industry. I think even our political opponents would acknowledge that the previous Minister for Racing and Gaming in the previous term of the Gallop government did a very good job for the racing industry. The first major change was the cut in turnover tax from five per cent to 4.5 per cent, which resulted in a \$5 million a year return to the industry. That got the industry out of the doldrums. People around the codes indicate that the industry was in a pretty bad way five or so years ago. That tax cut assisted the industry enormously. More important, and perhaps with more long-term impact, was the creation of Racing and Wagering Western Australia, which has given the industry more focus. Disputes have been removed, or, if disputes still exist, they do not have the capacity to derail the industry as was the case in the past. Those three things have been good for the industry.

This year RWWA has managed to increase distributions to the entire industry by 25 per cent in one year. Country harness racing had a 57 per cent increase in distributions, and the increase for metropolitan harness racing was about the same. That indicates that the level of stake money in Western Australian harness racing is about the same as that which applies in the eastern states in Sydney and Melbourne; it is amazing. Stakes in the Western Australian thoroughbred industry are about 60 per cent of the stakes in Sydney and Melbourne, and we would like to lift that level to somewhere between 80 or 90 per cent of eastern states levels. Metropolitan thoroughbred racing's distribution under the RWWA plan will increase by 25 per cent on 1 August. A major increase also occurred in the last year to 1 August. Overall, there is incredible optimism around the industry.

Mr D.A. TEMPLEMAN: I raise a point of order. I draw committee members' attention to the time. I know five questions are logged on the list. I will move a motion just before 5.00 pm if we have not concluded this division.

The CHAIRMAN: I will not ask any more questions.

Mr T.R. SPRIGG: My question relates to the minister's point about harness racing and the financial statements on page 895 of the *Budget Statements*. Why are Pinjarra and Bunbury Trotting Clubs paid \$14 000 a meeting by RWWA when the Harvey District Trotting Club is paid only \$4 500 to run its meetings, and has had two meetings taken off it in the latest calendar?

Mr M. McGOWAN: What reference is that?

Mr T.R. SPRIGG: It must be in the budget somewhere as it is a cost of doing business.

The CHAIRMAN: We really need a page from the budget statements.

Mr T.R. SPRIGG: There is not sufficient detail in the papers, Mr Chairman, but it is a fact.

Mr M. McGOWAN: I will answer the question in a general sense.

The CHAIRMAN: Perhaps the member could find a page.

Mr T.R. SPRIGG: I have looked for it but it cannot be found. It is a fact that some clubs are paid more than others to run meetings. Why, when they are in the same area?

The CHAIRMAN: Perhaps I could assist by stating that the second-last dot point page 890 of the *Budget Statements* refers to taxation, as discussed by the committee. There is a clear link between taxation income and allocations to races. Does that help?

Mr T.R. SPRIGG: Yes - loosely.

Mr M. McGOWAN: RWWA is an off-budget agency so it is not part of the estimates process. I will answer the question in a general sense. I inform members that I receive complaints regularly from all codes and clubs, both in metropolitan or country areas and at different levels throughout the state. There is a lot of anger and jealousy about what other clubs receive. The allocation depends on the turnover that the race meeting generates. Is the member referring to the Harvey harness races?

[4.50 pm]

Mr T.R. SPRIGG: Surely it is not only 25 per cent of the other turnover.

Mr M. McGOWAN: People have this dispute regularly. Racing and Wagering Western Australia was set up to avoid these disputes. I get criticism from people who are involved in racing in Yalgoo. They want to know why Yalgoo does not have the same stakes as Kalgoorlie, and others want to know why Kalgoorlie does not have the same stakes as Belmont. The answer to those questions is that it is based upon the income that those race meets

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generate. If those race meets do not generate sufficient income, they will not have the same stakes as those that generate more income. That is a fact of life. It is a commercial reality. The member has raised one specific case of Harvey versus Pinjarra and Bunbury. I do not have the specific answer, but I expect it is because Pinjarra generates more interest in and more income for the industry than does Harvey. From my recollection, Harvey is getting some Sky Channel coverage as a result of the changes we are making. I expect the Harvey club is very happy about that. However, when the Harvey club, or any club, gets a benefit, it says that is terrific, but when it suffers a loss, it is very unhappy. People need to realise that they must roll with it a little in this industry and make the industry stronger, rather than whichever interest group comes along wanting to take its own patch.

Mr T.R. SPRIGG: I will just jump in at this point to save time. Could I be provided with supplementary information about the ratio that is used? I take the minister's point about turnover.

Mr M. McGOWAN: I do not think I can provide supplementary information on this. However, I will ask RWWA to provide the member with a briefing. I will get Mr Sargeant to make arrangements for Ray Bennett to give the member a briefing on this.

Mr J.E. McGRATH: The member for Murray is very well aware that the Peel Development Commission is important, because he once told me that there are more horses in Peel than people. I have not checked that yet. My question relates to page 900 of the *Budget Statements*, under Racing and Wagering Western Australia. The third paragraph refers to ongoing maintenance and upgrading of selected outlets in the wagering retail network. Is the minister aware that there is no TAB outlet in the fine town of York, which boasts the oldest racetrack in Australia? In addition, people cannot get a race broadcast in York. For some reason, the range of Racing Radio cuts out about 30 kilometres before people arrive at York. When I visited York recently and found that there was no TAB, and not even a PubTAB, I thought that was a bit disappointing. It certainly affects anyone in the community who wants to follow the racing game. If a person happened to be in his car on Melbourne Cup day, racing to the shop or something like that, he would not be able to hear the race. York is only 100 kilometres from Perth. Will the minister comment on that, please?

Mr M. McGOWAN: I think the member has previously raised with me the question of York and a PubTAB. PubTABs are acquired by hotels as part of a commercial decision. If the hotel in York - there are probably a couple - suggests to RWWA that it wants to set up a PubTAB, I am sure it will receive good consideration. I will deal with setting up a TAB as distinct from setting up a PubTAB. TABs are also established as commercial operations and entities. I was on Rottnest Island recently. There used to be a very vibrant and big TAB on Rottnest Island. It is no longer there. These things are put in place according to the laws of supply and demand. I take it the member has met with the hotelier.

Mr J.E. McGRATH: Yes.

Mr M. McGOWAN: If he or she wants to go to RWWA and put a case for setting up a PubTAB, he or she should do that, because RWWA is commercially focused and is always keen to create more business.

Mr J.E. McGRATH: I thought RWWA might have gone to York and said, "Let's try to get an outlet in York."

Mr M. McGOWAN: I will raise it with RWWA and see what it thinks. Something has probably happened there; I do not know.

Mr J.E. McGRATH: What about the coverage by Racing Radio? People complain all the time that the range of Racing Radio is disappointing.

Mr M. McGOWAN: It has been a problem in the member for Collie-Wellington's electorate. My understanding is that frequency needs to be obtained from the commonwealth's broadcasting authority in order to put it in some areas. It is often difficult to obtain that frequency. Sometimes geographical and atmospheric conditions make it difficult and expensive. The frequency needs to be available in those areas to provide coverage. RWWA does not provide that sort of infrastructure. The problem is the frequency, in any event.

Mr M.P. MURRAY: People must be granted a licence by the Australian Broadcasting Authority.

Mr M. McGOWAN: That is right.

The CHAIRMAN: I have members waving at me frantically. In four minutes we will cover two questions, one from the member for Peel and one from the member for Murray. I will stop proceedings after two minutes; that is, we will have the first question and answer in two minutes and the second question and answer in two minutes.

Mr N.R. MARLBOROUGH: My question is about the rules that presently apply to the issuing of licences for new outlets, particularly those new outlets that go into hotels. I wonder what the rules are and whether they have changed. I have a particular circumstance in Kwinana in my electorate. For the second time in about four years,

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the TAB is trying to place itself in the Kwinana hotel, within 100 metres of an existing TAB outlet whose livelihood would be affected by that. What are the rules, and have they changed? If they have not, why would the TAB revisit that issue for the second time in four years? Secondly, the minister gave an answer to an earlier question about those machines in the wall - whatever they are called. If the trial in October proves successful, it seems to me that many of these TAB outlets, as we know them, will be under threat. I wonder whether the minister has considered that at this time; and, if so, what provisions are in place to compensate people who might have to leave the industry as a result of any policy changes regarding hotel outlets and/or the automatic teller approach to betting?

The CHAIRMAN: The minister has one minute to reply.

Mr M. McGOWAN: I do not know the circumstances surrounding the case of the Kwinana hotel versus an existing operator. However, I will have that followed up for the member and get an answer that the member can deliver back to his constituent. As I said to another member, we very much want RWWA to act commercially. That means expanding the wagering turnover. That is probably what that case is about. As the member knows, Kwinana's population is expanding, so that is probably what that case is about. However, I will get the member a definite answer.

Mr N.R. MARLBOROUGH: I agree with that principle. However, people who are already earning a livelihood in the industry will be impacted upon. It is as simple as that. I am seeking reassurance. A policy is in place to compensate the existing operators, who admittedly have been making a living, but they have also been loyal servants to the industry for many years. However, they will be adequately compensated as a result of such a move.

Mr M. McGOWAN: I will get some information on that for the member for Peel. The member raises a good point. In fact, it is a similar situation with the lotteries. Lotterywest now acts very carefully when it decides where to put these outlets, because sometimes other people are impacted by those decisions.

The CHAIRMAN: That is an excellent answer.

Mr M.J. COWPER: I refer to the question that the minister answered a short time ago. I draw attention to the consequence of the answer that the minister gave. It was about the prospect of Lark Hill becoming the third metropolitan track. I acknowledge the importance of Lark Hill, and I would support that facility becoming the third metropolitan track in due course. However, I draw the attention of the minister to the fact that there are other racetracks; namely, the greyhound track in Mandurah and the trotting track in Pinjarra. They have a catchment of Rockingham, Mandurah and the Peel region. To throw another racetrack into the mix would have a significant impact on that industry in the short term. I acknowledge that, in future, due to the growth of the area, there may be facilities for that to come on-stream, but I ask the minister, when he is considering such matters, that they be given very close consideration, in the light of developments that have occurred recently.

[5.00 pm]

The CHAIRMAN: I am sure the minister will give that very close consideration

The appropriation was recommended.