

**TOTALIZATOR AMENDMENT (EXCLUSIVITY) BILL 2013**

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**Bill introduced on motion by Mr George Souris, read a first time and printed.****Second Reading**

**Mr GEORGE SOURIS** (Upper Hunter—Minister for Tourism, Major Events, Hospitality and Racing, and Minister for the Arts) [3.27 p.m.]: I move:

That this bill be now read a second time.

The Totalizator Amendment (Exclusivity) Bill 2013 will give effect to an in-principle agreement that the Government reached with Tabcorp to extend the TAB's totalizator licence exclusivity for a further 20 years. These arrangements are a demonstration of the Government's commitment to supporting the viability of the racing industry, which provides significant social and economic contributions to the State. TAB Limited holds a 99-year licence issued in March 1998 to conduct off-course and on-course totalizator betting in New South Wales. New South Wales racing clubs also hold 99-year licences for the conduct of on-course totalizator betting, with the TAB undertaking this by agreement on behalf of the racing clubs.

These licences included a 15-year exclusivity period, which expired on 22 June 2013. During the exclusivity period TAB has been the sole holder of an off-course totalizator licence in this State. Under the Totalizator Act 1997 TAB was required to enter into commercial arrangements with the New South Wales racing industry as a pre-requisite to it being granted a licence. Those statutory obligations recognise that at the time of the privatisation of the TAB the racing industry was and continues to be recognised as a major contributor to the State's economy. The extension of the exclusivity arrangements underpins the estimated \$1 billion annual contribution to the State's economy and the 50,000 jobs the industry supports, many in regional areas.

The major source of funding for the New South Wales racing industry comes from the Racing Distribution Agreement between the TAB and the three racing codes. Approximately \$250 million per annum is distributed to the racing industry in New South Wales. The TAB totalisator pool also ensures that the New South Wales public has access to a strong and stable wagering service which offers totalisator and fixed odds on racing and sport. At present the TAB provides this through approximately 2,130 agencies, which consist of TAB retail outlets and outlets in clubs and hotels, as well as its on-course, internet and telephone services. The TAB Racing Distribution Agreement is an important element of a viable funding model for the New South Wales racing industry. It enables the optimal development, operation and marketing of the New South Wales racing industry and its race meetings.

Wagering on racing also makes a significant contribution to the State's economy, with about \$157 million being received by the Government in wagering taxation per annum to be utilised for public services such as health, education and law enforcement. With the view to providing both continuity and revenue certainty on behalf of the racing industry and to securing an important revenue stream for the people of New South Wales as a whole, the Government examined options for the future provision of totalisator betting within the State. Recognising the object of the continued effective and productive operation of the New South Wales racing industry, it was decided to enter into negotiations with Tabcorp for the extension of the

TAB's totalisator licence exclusivity. These negotiations were undertaken by PricewaterhouseCoopers under the guidance of an inter-agency steering committee.

The steering committee was chaired by the Office of Liquor, Gaming and Racing and comprised representatives of that agency, Treasury, the Department of Premier and Cabinet and the Crown Solicitor's Office, and was assisted by an independent probity adviser. Throughout the process PricewaterhouseCoopers provided ongoing legal assistance while the Crown Solicitor's Office also helped guide the Government's consideration of this significant matter. On 20 June 2013 the Government announced that it had reached an in-principle agreement with Tabcorp for it to pay \$75 million to extend the TAB's exclusive licence for on-course and off-course totalisator activities, including through club and pub outlets and their existing fixed-odds activities across the State, for a further 20 years until June 2033. The \$75 million payment from Tabcorp will consist of an initial payment of \$50 million, with the balance to be paid over 10 years from 2024.

The legislation before the House will enable the Minister to accept the offer made by the TAB to enter into the deed entitled "NSW Exclusivity Deed", which is set out in attachment 1 to the deed poll that I have tabled. The legislation will also amend the Totalizator Act 1997 to extend the exclusivity period that applies in relation to the granting of totalisator licences to the TAB and racing clubs for an additional 20 years. The proposed amendments will also extend the exclusive right of racing clubs to conduct their on-course totalisators. This maintains existing arrangements whereby racing clubs are able to enter into commercial arrangements with the TAB to provide that service so that all can continue to benefit from maximising from the pooling of on-course and off-course activities.

The existing commercial arrangements between the TAB and the racing industry, including the operation of the on-course totalisator, will not be affected. The amendment to extend the exclusivity of racing clubs to conduct on-course totalisators was at no cost to those clubs and indeed the industry as a whole. Racing across the three codes—thoroughbred, harness and greyhound racing—provides enjoyment and a recreational outlet for many more thousands of enthusiasts throughout New South Wales. This recreation is accessible to everyone in the community, with many racecourses across New South Wales. It can be through experiencing the colour and atmosphere while attending race meetings, viewing television coverage or listening to broadcasts over the radio. Following a champion racehorse such as Black Caviar adds to the enjoyment; for many, it is having a bet on their favourite runners.

In New South Wales we are fortunate to have the best of the best to showcase the racing industry. We have the living legend Bart Cummings. His training achievements are unlikely to be matched. We have the leading jockeys in the industry in Hugh Bowman and Nash Rawiller, with the two currently locked in a fierce battle to win the Sydney Jockeys Premiership. I wish both Hugh and Nash the very best in what will be an interesting race to the title this year. New South Wales is also home to many of the best and most talented trainers. We are fortunate to see horses trained by the likes of Gai Waterhouse and Chris Waller. We see them frequently at race tracks throughout the State. It would be remiss of me not to mention our award-winning racing journalists, with Ray Thomas deserving a special mention for showcasing the New South Wales racing industry. In New South Wales we are ready to embark on a golden age of racing with Royal Randwick Racecourse undergoing a \$150 million facelift to provide world-class facilities.

Carnival days are important events to promoting Sydney as the destination to visit at those

times. The Autumn Carnival is recognised as the premier racing in Australia at that time. Nevertheless, it is also true that racing is community based and all race clubs must have non-proprietary status, which means that profits must be directed back into racing if they are to be registered by a racing controlling body. Whether a race club is a city, provincial or country club, they each have their carnival day. They each have their showcase that demonstrates local pride and tradition. This sense of community identity represents much more than the simple economic contribution. The popularity of racing to a broad spectrum will be well demonstrated this weekend. This Saturday is the San Domenico Stakes at Rosehill Gardens, which is an important lead-up race for three-year-olds for the Spring Carnival. And Narromine Turf Club conducts its Gold Cup on Sunday.

Racing events are part of the group of leading sports that capture the community to provide both entertainment and employment opportunities. They are an important part of the social and economic fabric of the Australian community. Confirming the on-course and off-course totalisator licensing exclusivity arrangements with the TAB by way of legislation will allow for the continued viability and growth of the racing industry in this State and will be a win for the people of New South Wales. I commend the bill to the House.

**Debate adjourned on motion by Mr Paul Lynch and set down as an order of the day for a future day.**