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TOTALIZATOR AMENDMENT (EXCLUSIVITY) BILL 2013

Second Reading

The Hon. MICHAEL GALLACHER (Minister for Police and Emergency Services, Minister for the Hunter, and Vice-President of the Executive Council) [3.35 p.m.]: I move:

That this bill be now read a second time.

I table a deed poll made by TAB Limited dated 19 June 2013, together with a document entitled "NSW Exclusivity Deed" referred to in the Totalizator Amendment (Exclusivity) Bill 2013. I seek leave to have the second reading speech incorporated in *Hansard*.

Documents tabled.

Leave granted.

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 totalisator 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 offcourse and oncourse totalisator betting in New South Wales.

New South Wales racing clubs also hold 99-year licences for the conduct of oncourse totalisator 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 offcourse totalisator 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 prerequisite 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 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 codes of racing. 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, outlets in clubs and hotels, as well as its oncourse and internet and telephone services.

The TAB and the Racing Distribution Agreement is an important element of a viable funding model for the New South Wales racing industry and 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 around \$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 interagency steering committee.

The steering committee was chaired by the Office of Liquor Gaming and Racing and was comprised of representatives of that agency, the 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 it had reached an in-principle agreement with Tabcorp for it to pay \$75 million to extend TAB's exclusive licence for oncourse and offcourse 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 just 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 oncourse 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 oncourse and offcourse.

The existing commercial arrangements between TAB and the racing industry including the operation of the oncourse totalisator will not be affected. The amendment to extend the exclusivity of racing clubs to conduct oncourse 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 the whole of New South Wales.

This is a recreation that 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 racecourse like Black Caviar adds to the enjoyment. For many it is having a bet on their favourite runners.

We are fortunate here in New South Wales 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 is going to be an interesting race to that 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 race at tracks all around 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, meaning 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 is well demonstrated this weekend. This Saturday is San Domenico Stakes day at Rosehill Gardens, 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 therefore a part of the group of leading sports which 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 oncourse and offcourse 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.