



Greyhound and Harness Racing Administration Bill.

Second Reading

The Hon. IAN MACDONALD (Minister for Primary Industries) [5.14 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The object of the legislation before us is:

First, to constitute the Greyhound and Harness Racing Regulatory Authority, which is to take over the functions of the Greyhound Racing Authority and the Harness Racing Authority;

Second, to constitute the Greyhound and Harness Racing Appeals Tribunal, which is to take over the functions of the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal;

Third, to provide the new amalgamated Authority with certain powers in relation to the control and regulation of greyhound racing and harness racing;

Fourth, to update the process and procedures in relation to an appeal to the new Authority and Tribunal; and

Fifth, to provide appropriate, transitional arrangements for existing staff with the amalgamation of the Authorities.

The bill provides for the second part of the reform and restructure of the governance of the greyhound and harness racing industries in New South Wales.

The first part of the reforms separated the commercial and regulatory activities which resulted in a dual board structure for each of the greyhound and harness racing codes.

The two commercial boards, Greyhound Racing NSW and Harness Racing NSW exercise the strategic and commercial governance of the relevant code. They are independent of government and do not represent the Crown. .

That status is consistent with the wishes of industry participants that the industry itself should be able to manage its strategic direction and economic development free from government direction.

As I indicated earlier, the reform process has been undertaken in two stages. The reasons for that are primarily in relation to providing an appropriate environment for structured change management, and also to ensure continuity of regulation, during the period of change.

Stage one is complete with the two commercial boards fully empowered and operational.

Stage two is the amalgamation of the two regulatory boards, that is, the Greyhound Racing Authority and the Harness Racing Authority.

Stage two has been preceded by a feasibility study.

The feasibility study was prepared by a Working Party chaired by a senior officer from the Department of Gaming and Racing, and included the chairpersons of the Greyhound Racing Authority and the Harness Racing Authority.

The feasibility study was prepared in accordance with the fundamental principle that the amalgamation is not to be at the expense of the regulation of the integrity of racing.

The main finding of the feasibility study was that it is feasible to amalgamate the two Authorities.

The study also found that the future operating costs of an amalgamated authority could eventually be expected to result in significant savings in the order of \$800,000 per year from reduced accommodation and staffing costs.

Further, the study found that an amalgamated body could be located at the premises in Auburn currently owned and occupied by the Greyhound Racing Authority.

Another finding of the feasibility study was that amalgamation costs could be met from the sale of the surplus building currently owned and occupied by the Harness Racing Authority, with any surplus funds being made available for the benefit of the greyhound and harness racing industries.

During the course of preparing the feasibility study the Working Party consulted with the staff of the Greyhound Racing Authority and the Harness Racing Authority. The Public Service Association was also a part of that consultation process.

One of the matters that is identified in the feasibility study is the need to continue to consult with staff, and the staff association, as the amalgamation proposal progresses from the initial feasibility stage to the implementation stage. The staff will be consulted as more information becomes available during the implementation stage.

That will be an ongoing task for the Department of Gaming and Racing, and the Board and Chief Executive of the soon to be appointed amalgamated body.

The Working Party also consulted with the two industry commercial boards, that is, Greyhound Racing NSW and Harness Racing NSW.

The bill provides for the amalgamation of the two existing regulatory authorities.

In most other respects the functions, powers and responsibilities of the former two regulatory bodies are to be carried forward to the amalgamated body.

The amalgamated body is to be known as the Greyhound and Harness Racing Regulatory Authority.

The proposed amalgamated Authority is to have a five-member board with appointments made by the Governor on the recommendation of the Minister for Gaming and Racing, as is presently the case.

Qualifications for appointment to the Board are to be carried forward so that at least one member of the Board must have legal qualifications and the other members must have experience in one or more of the following areas—management or administration; enforcement or regulatory; veterinary science; or knowledge of racing or wagering.

The amalgamated body will continue to be a statutory authority representing the Crown; and subject to the direction and control of the Minister on the same basis as at present.

While there will be only one Chief Executive Officer for the amalgamated body, the terms and conditions of employment of that officer and the staff of the amalgamated body are to continue on appropriately similar terms.

The former arrangements by which the Minister for Gaming and Racing determines, if required to do so, whether a function is appropriately carried out by a commercial board or regulatory board will also be carried forward.

The Minister will also continue to determine the budget of the amalgamated regulatory board. That will continue to be done with appropriate consultation with the two industry commercial boards.

With the amalgamation of the two authorities, the opportunity will be taken to also amalgamate the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal. The two appointees to these tribunals are currently the same persons and it makes sense to simplify the arrangements in this area.

His Honour Mr Barrie Thorley and Mr Justice Wayne Haylen are the two appointees. They agree with the proposed changes to the Tribunal arrangements.

However, the advisory committees to each industry will, appropriately, continue as industry specific separate bodies. The Greyhound Racing Industry Participants Advisory Committee and the Harness Racing Industry Participants Advisory Committee provide industry specific feedback on a range of commercial and regulatory issues.

All staff entitlements are protected by the bill. Except for the Chief Executives of the existing two regulatory bodies, all other staff are to be transferred to the new regulatory boards, thus preserving all public sector entitlements pending the restructure associated with the new amalgamated Authority.

The Government's two stage restructure proposal represents a significant and major reform for the harness racing and greyhound racing industries.

This will provide those industries with the opportunity of securing a viable future on their own merits, and in accordance with their own business and strategic acumen.

The separate and independent commercial boards are able to focus exclusively on the day to day business arrangements, and also on strategic decision making to secure the future of the industry.

This second stage of the reforms addresses the criticisms in some quarters about the costs of regulating the integrity of greyhound and harness racing.

The amalgamation provides the optimum opportunity to achieve ongoing economies of scale through reduced accommodation and back office costs for the regulatory function.

Nevertheless, such savings will not be at the expense of the administration of the integrity of racing, and particularly the ability of stewards to police race meetings.

The recurrent annual savings are eventually expected to be in the region of \$800,000 per year.

After start-up and transition costs are met, the savings will become available to the greyhound and harness racing industries to distribute as prize money, or for any other purpose that the independent commercial boards consider in the best interests of their respective industries.

The present reform is another of the many structural reforms and achievements of the Carr Government in the area of racing.

In 1996, it was the establishment of the Thoroughbred Racing Board. That Board is comprised of appointees that provide for industry wide representation, and an appropriate mix of commercial and regulatory experience.

In 1997, legislation was introduced to provide for the privatisation of the TAB.

Each year since privatisation the TAB has increased its payments to the racing industry. In the 1997-98 financial year it was \$142 million. That has increased in the 2002-03 year to \$202 million.

These increases are the lifeblood of the New South Wales racing industry. Without such increases our racing industry would not be able to compete and its viability and future would be in doubt.

In 1998, there was the first phase of the restructuring of Harness Racing NSW and the Greyhound Racing Authority.

That initial change provided for greater industry representation on the Boards of the controlling bodies, and the undertaking that there would be an evaluation of that new structure at the end of the three year term of each Board. That evaluation has resulted in the proposal at hand.

In 1998 and 1999, it was the reform and update of the antiquated Gaming and Betting Act 1912, including the introduction of the offence for a person in New South Wales to bet with an overseas wagering operator on Australian racing events.

Such legislation minimises the threat from wagering operators outside New South Wales who seek to free-ride on this State's racing industry. These operators are happy to exploit our racing and poach our racing revenues without contributing to the cost.

It is with some urgency that the Government has led the debate regarding the practice by some jurisdictions of the licensing onshore of such large overseas wagering operators who contribute little to the racing industry.

It is the Government's intention to prevent the opportunistic scavenging of our racing industry revenues, and therefore the destruction of many racing industry and country based jobs.

I understand that the Minister for Gaming and Racing also met recently with other Racing Ministers to discuss the best means by which to address these issues nationally and in a measured way.

Other important reforms have included:

The review of the adequacy of sexual harassment policies, procedures and practices in the New South Wales racing industry. Consequently, the controlling bodies for each code of racing have implemented best practice policy and procedures. This has been recognised as such by other States and Territories and adopted as a national model.

Significant tax reform for bookmakers. First in 2000 sports bookmakers received a reduction in taxes on certain sports bet types, and in 2002 the 1% State turnover tax on bookmaker racing bets was abolished.

A responsible wagering program has also been introduced. It requires race clubs and TAB outlets to adopt gambling harm minimisation awareness measures.

I note that it is now the practice that all bills will be scrutinised by the Legislation Review Committee. The Committee's obligations are set out in the Legislation Review Act.

Except for one provision that the Committee has raised in writing with the Minister for Gaming and Racing, the bill does not contain any provisions that make rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers or upon non-reviewable decisions.

The Minister has provided a detailed response to the Committee on that matter.

Nevertheless, the Legislation Review Committee should note that it is proposed to commence the new arrangements on 1 October 2004. Previously, it was intended to commence on 1 July 2004. However, that is now considered to be insufficient time to constitute the new Board and provide for it to undertake preparatory matters such as recruiting a Chief Executive Officer.

I am therefore very pleased to be able to introduce the present proposal, as a part of a long list of reforms designed to modernise and bring commercial reform to the governance of the racing industry in this State.

The legislation is another confirmation of the Government's understanding that the racing industry has significant social and economic importance to the Australian community. This is particularly so in the case of country greyhound and harness racing.

The Government is once again demonstrating its commitment to ensuring a viable future for our racing industry.

I commend the bill to the House.

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